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NEWS SUMMARY

GENERAL

Peach jury call to curb SPG

Teacher Blair Peach died by misadventure at last year's Southall riots, an inquest jury decided.

But the jury members called for more control of the Special Patrol Group by their officers, and said no unauthorised weapons should be available in police stations.

During the five-week hearing, the jury heard that Peach, aged 33, died after a blow to the head, which witnesses said happened during a charge by SPG officers.

Schmidt set for Brezhnev talks

Chancellor Helmut Schmidt of West Germany is to visit Moscow on June 30 and July 1 for talks with President Leonid Brezhnev of the Soviet Union.

Afghanistan and prospects for East-West arms control will be high on the agenda for the meeting, which is viewed as one of Herr Schmidt's most delicate initiatives as Government leader. Back Page

85 for Olympics

The International Olympic Committee said 85 countries have entered the Moscow Games, and 56 have either declined invitations or not replied.

Obote returns

Former Uganda President Milton Obote returned home after a nine-year exile. He promised the Uganda People's Congress would end corruption, restore law and order and reconstruct the economy if it was returned to power. Page 3

19 die in Kwangju

Seventeen students and two soldiers died as South Korean troops regained control of Kwangju city centre after a week-long insurrection. Page 3

Murder charge

Belfast labourer Robert Murphy, 22, was charged with the murder of 12 people who died in the La Mon House restaurant bombing in County Down more than two years ago.

Budget deadlock

EEC Economics and Finance Ministers left Brussels without finding a solution to the dispute over the UK's budget contribution. Back Page

Reshuffle plan

Israeli Premier Menachem Begin is considering a Cabinet reshuffle which would transfer hard-line Foreign Minister Yitzhak Shamir to the Defence portfolio. Page 3

Saudi initiative

Saudi Arabia is reported to have embarked on a Middle East initiative to replace the deadlocked Palestinian autonomy negotiations between Egypt and Israel. Page 3

Penalty threat

The Government has compiled a confidential list of 21 councils in England and Wales which will be penalised for overspending unless they can show special circumstances. Page 10

Briefly . . .

Manual workers' industrial action again halted most flights out of Luton airport.

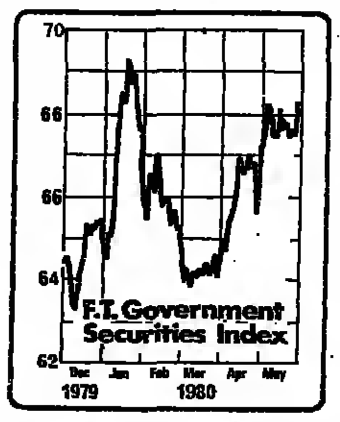
Ten people died during clashes in Assam, north-east India.

French lorry and van drivers demanding more flexible delivery hours jammed motorways round Paris.

BUSINESS

Gilts firm; Equities ease

● GILTS were firm, benefiting from falling U.S. prime rates, with widespread gains in mediums and longs although shorts were more volatile. The Government Securities index closed 0.31 up at 68.39. Page 40



● EQUITIES drifted lower, and the FT 30-share index, which at one stage shed 3.8, closed 3.3 off at 420.0. Page 40

● STERLING was firm. It closed at $2.3705, a rise of 2.55c, and its trade-weighted index reached a five-year high of 74.7 (74.3). DOLLAR: Its index was 84.1 (83.4). Page 33 and Lex, Back Page

● GOLD closed $½ down in London at $514.5. Page 39

● WALL STREET was 4.77 up at 858.87 before the close. Page 34

● U.S. construction group J. Ray McDermott, which has a yard near Inverness, is expected to be awarded the $190m (£80.15m) contract by Marathon Oil for a Brae Field platform. Back Page

● INCOME TAX in the Isle of Man has been reduced by 0.5p to 20p in the £, the third cut in successive years. The Manx Government is to raise social security benefits, but these will be taxed from 1981-82. Page 9

● BARCLAYS BANK is to experiment with electronic methods of payments through cash cards at computer-linked petrol stations in the Norwich area. Page 8

● BRITAIN has overtaken the U.S. as the leading export market for German wine. Page 9

● GOVERNMENT should consult trade unions but not share decision-making with the TUC, said Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers. Page 12

● BRITISH STEEL Corporation's chairman-designate, Mr. Ian MacGregor, urged employees to "face the facts" about their industry. Page 12

● POST OFFICE engineers have rejected a pay increase which the Corporation says is the maximum it is prepared to offer. Page 12

● BPC, the printing and publishing group, warned that its results for the first six months of the current financial year will show a substantial loss and that no interim dividend will be paid. Industrial disputes were blamed for the setback. Back Page

● B & I, the Irish shipping company, which made a net loss of IR£1.1m (£981,704) last year, compared with a net profit of IR£1.4m the previous year, blamed declining tourist traffic, dearer fuel and labour unrest for the reversal. Page 9

● KELSEY INDUSTRIES, the audio accessories and adhesives group, lifted its first-half pre-tax profits from £908,000 to £1.63m on turnover of £12.19m (£10.85m). Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Treasry. 11¾% 1991	£92¾	+ ⅜	Allied Colloids	110	− 7
Excheq. 12% '99-02	£92	+ ⅜	BPC	171	− 4
Anderson Strathclyde	79	+ 3	BTR	373	− 11
Debenhams	71	+ 3	Babcock Intl.	80	− 3
Edinburgh & Gen.	37	+ 3	Diploma	436	− 9
Kelsey	127	+ 4	GEC	350	− 7
Legal & General	174	+ 6	Gieves	45	− 4
Paradise	21	+ 4	Grattan Warehouse	52	− 4
Altslate Exploration	65	+10	GKN	232	− 4
Atlsiate Exploratn.	65	+ 10	ICI	350	− 8
Bougainville	112	+ 10	Letraset	114	− 4
Cons. Gold Fields	465	+ 11	Lloyds Bank	288	− 7
Conzinc Riotinto	272	+ 12	Lucas Inds.	197	− 5
Gold Ms. Kalgoorlie	236	+ 16	Midland Bank	323	− 7
Haoma Gold	60	+ 8	Phoenix Timber	114	− 6
Poseidon	131	+ 11	Racal Elec.	228	− 8
Samantha Explortn.	90	+ 16	Reckitt & Colman	166	− 4
Strata Oil	15	+ 5	Robertson Foods	126	− 6
Western Holdings	£27	+ 1⅜	Tube Invs.	242	− 4
			Unilever	412	− 6

CBI sees bleak future as output declines sharply

BY JOHN ELLIOTT AND DAVID MARSH

A SHARP DECLINE in the prospects for manufacturing companies was reported last night by the Confederation of British Industry in a survey which showed that fewer orders are being booked at home and abroad and that output is falling sharply.

At the same time, there are indications that companies are delaying the introduction of price increases in order to clear stocks at a time when their competitiveness is declining and demand is poor.

These are the main points to emerge from the CBI's monthly survey of industrial trends. The survey was carried out among 1,900 manufacturing companies in the first two weeks of this month when industrial output had almost fully recovered from the effects of the steel strike.

Its publication yesterday coincided with preliminary figures issued by the Central Statistical Office which showed that overall output fell in the first quarter of this year as a result of lower industrial production.

The onset of recession was softened during that quarter by the relative buoyancy of the services sector, which was profiting from a continuing high level of consumer spending.

ECONOMIC ACTIVITY

Gross Domestic Product, based on output data, at constant prices, with 1975 = 100 and seasonally adjusted.

1976	102.2
1977	104.7
1978	107.9
1979	109.6
2nd	111.4
3rd	109.5
4th	109.8
1980 1st	109.0*

*preliminary estimate

Source: Central Statistical Office

The CBI says, however, that manufacturers have not benefitted from this consumer spending because retailers were cutting back on their levels of stocks.

It warns that its survey "provides clear evidence that the UK economy is about to undergo a difficult period during which it will be increasingly rare for companies to enjoy satisfactory and adequately profitable levels of activity."

This view has been borne out by statements in the past week from companies such as ICI, GKN, Delta Metal and Associated Engineering.

The CBI's economic staff have revised some of their forecasts and now suggest that the output of the whole economy will decline by 2 to 2½ per cent

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Shop sales remain at high level, Back Page

Concern in West Midlands

Strong concern for the future of British Industry is shown in the survey the CBI has carried out in the West Midlands.

Mr. Reg Parkes, chairman of Brockhouse and of the regional CBI said: "There is a great deal of talk about the Phoenix rising from the ashes; but what if we are left with just the ashes?"

Mr. Chris Walliker, director of manpower at Delta Metal and chairman-elect of the regional CBI, warned: "The number of redundancies announced recently is really frightening and I think it will get worse." Page 22

Arrests at Isle of Grain power station picket

BY JOHN LLOYD, LABOUR CORRESPONDENT

BUSLOADS of construction workers were driven through ranks of jeering pickets to the Isle of Grain power station in Kent yesterday as the inter-union dispute at the site worsened significantly.

About 400 General and Municipal Workers Union pickets tried to stop work at the site.

The 500 police made 37 arrests. Two policemen were slightly injured, one worker going into the plant was injured by a stone and another was later taken to hospital suffering from chest pains.

A meeting today of the unions involved in the dispute, called by Mr. Len Murray, general secretary of the TUC, to try to resolve the issue, will be boycotted by the major unions organising the construction workers, the construction section of the Amalgamated Union of Engineering Workers and the Electrical, Electronic, Telecommunication and Plumbing Union.

Mr. John Baldwin, general secretary of the AUEW's construction section, and secretary of the National Engineering Construction Committee—the umbrella body for the construction trades unions—said he would not talk to the GMWU until it removed its pickets from the site and agreed to talks on parity of bonus payments among skilled workers—the issue at the heart of the dispute.

Mr. David Basnett, the general secretary of the GMWU, said he would attend the meeting with Mr. Frank Earl, the union's national officer, and would ask for TUC condemnation of the AUEW and the EETPU.

Describing yesterday's events as "an outrage," Mr. Basnett said these unions had "scorned all trade union traditions by conniving with management to have the work of our members in dispute done by their members who are not time-served insulation engineers."

About 29 trainee insulation engineers, or laggers, are at work on the site, replacing the 27 GMWU laggers who have been in dispute since last August.

Mr. Baldwin said the replacement laggers were members of a number of unions, including the AUEW, the EETPU and the

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'Union against union'. Page 10

Nurses' pay talks break down

BY PAULINE CLARK, LABOUR STAFF

PAY NEGOTIATIONS for Britain's 490,000 nurses broke down yesterday amid union warnings that "all hell will break loose" if the Government continues to insist on a 14 per cent ceiling.

In a last-ditch attempt to avoid a pay battle which could lead to industrial action, the nurses' leaders called on the Prime Minister to intervene.

The unions are incensed by the management's refusal to allow an increase above the 14 per cent cash limits ceiling in spite of the recent 18.7 per cent pay award to doctors. They had previously been negotiating for a settlement within the 14 per cent ceiling—but only on condition that the ceiling applied throughout the health service.

Mr. David Williams, assistant general secretary in the Confederation of Health Service Employees (which represents 120,000 nurses) and chairman of the Whitley Council's staff side said yesterday that industrial action by nurses could not be ruled out in the face of Government intransigence.

Any such action could be joined for the first time by the 140,000-strong Royal College of Nursing. This normally moderate union decided at its annual conference last week to ballot members on a proposal to change its constitution to allow industrial action because of the present pay row.

Yesterday's breakdown in pay talks—a settlement is already nearly two months overdue—comes as a second blow to nurses this year following their disappointment with a 19.6 per cent Clegg Commission comparability award last January.

Mr. Patrick Jenkin, Social Services Secretary, has made clear the Government's view that nurses and doctors have received "almost identical" pay rises over the past two years.

Mr. Williams yesterday, however, condemned the argument as "superficial." A union comparability exercise for nurses in 1978, which was used as the basis of this year's pay claim, had shown nurses' pay was 30 per cent too low, he said.

In their letter asking for an early meeting with the Prime Minister, the unions said "negotiators find it impossible to continue negotiations within the 14 per cent limit."

The unions recognised that a decision to give nurses and midwives comparable treatment with doctors needed to be taken "at the highest level."

"Nurses and midwives have a strong sense of commitment to their service but they believe they are being taken for granted by the Government."

At present a first year nurse earns a basic £2,747 a year, a staff nurse £3,715 and a sister £4,698.

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For latest Share Index 'phone 01-246 8026

Pound reaches $2.3705

BY DAVID MARSH

STERLING made fresh gains yesterday to close at $2.3705, its highest level in London since March, 1975.

Further reductions in U.S. interest rates brought the dollar under heavy pressure against all major currencies again, with central banks intervening fairly heavily to brake its decline.

In the UK there was heavy foreign buying on the Government bond market, the main factor leading early yesterday to the exhaustion of the £1bn nominal gilt-edged stock issued 2½ weeks ago.

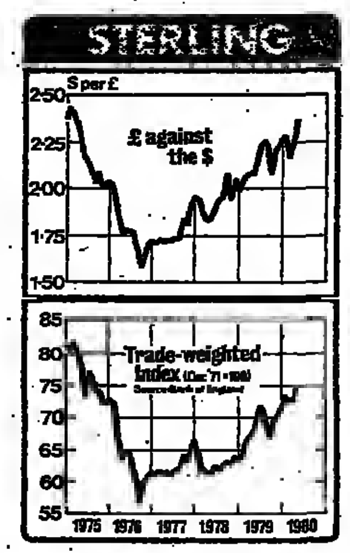
The stock, 13½ per cent Treasury 1992, had been only sluggishly traded until late last week.

Long-dated issues rose up to ¾ points, continuing the rally spearheaded by foreign demand which started last Friday. The reduction of some U.S. banks' prime rates to 14 per cent helped spur fresh buying yesterday afternoon.

Large-scale overseas demand for sterling investments has been encouraged by repeated Government statements ruling out an early cut in UK interest rates in spite of plummeting rates in the U.S.

The latest rise in international oil prices, which will increase Britain's North Sea revenues, has been an additional factor sparking off buying by overseas investors.

Sterling's London close yesterday was 2.55 cents above its closing level on Friday before the Bank Holiday weekend, but slightly below the high of 2.3750 recorded on Monday in Far East markets. The trade-weighted index of its value against a basket of other currencies closed at a five-year peak of 74.7, compared with 74.3 on Friday.



The pound has now risen by about 12 cents this month, and has appreciated by more than 11 per cent on a trade-weighted basis during the last 12 months, in spite of a doubling in the annual rate of UK retail price inflation in that time.

The Bank of England intervened intermittently yesterday to try to restrain the pound's rise. But there is no sign that the UK authorities have changed their strategy of allowing the foreign exchanges to set the rate.

The Federal Reserve Bank of New York and the West German Bundesbank also bought dollars yesterday in the face of widespread selling pressure set off by the continued fall in U.S. interest rates.

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Money Markets Page 33

U.S. prime down

BY IAN HARGREAVES IN NEW YORK

MORGAN GUARANTY led the further downward drive in U.S. bank prime lending rates.

Morgan set its prime at 14 per cent, down half a point from the level set a week earlier. Bankers Trust and First National Bank of Chicago moved from 15½ to match Morgan's 14 per cent.

Although the decline in the prime was not matched by a decline in bond market yields, some other short rates eased. By late morning yesterday, Treasury bills were trading at 7.5 per cent, down slightly.

Traders said that the restraint in the bond market had been caused by some disappointment and surprise that the Federal Reserve Board had not cut its discount rate last week

In the credit markets, traders said the Federal Reserve appeared to be holding its key Interbank Federal Funds Rate at 9 per cent, which is slightly higher than some commentators had expected.

The Fed's stance on interest rates, which appears to be designed to take pressure off the weakening U.S. economy while trying to encourage the foreign exchanges to trust its continued anti-inflationary zeal, led to caution in the bond markets.

£ in New York

—	May 23	Previous
spot	$2.3540-3570	$2.3300-3315
1 month	1.80-1.70 dis	1.50-1.45 dis
3 months	4.40-4.25 dis	4.10-4.00 dis
12 months	10.95-10.65 dis	10.10-9.90 dis

CSI to study market raiders

BY CHRISTINE MOIR

THE COUNCIL for the Securities Industry is studying "as a matter of urgency" whether new regulations are needed to control market raiders, Mr. Patrick Neill, the chairman, said yesterday.

The definition of a market raid is the announcement of a purchaser's intention to buy a substantial block of shares at a premium over a limited period of time.

Mr. Neill's statement came a matter of hours before the sixth major market raid this year, and the third carried out by brokers Rowe and Pitman in little more than a week.

In 20 minutes after lunch, Rowe and Pitman stood in the market on behalf of Charter Consolidated, the international mining group, and bought 10m shares—a 28.4 per cent stake—in Anderson Strathclyde, the coal mining equipment manufacturer, for £9.2m. This figure represented a 24 per cent premium over the market price immediately ahead of the announcement.

Bids and deals, Page 25
Takeover panel report, Page 27
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Earlier this year, Anglo/De Beers bought 16.5m shares in Consolidated Gold Fields by the same method. The move aroused widespread criticism because the speed of the operation effectively prevented all but professional shareholders from selling at the attractive price offered for a very limited period.

In his last report as chairman of the Takeover Panel, Lord Shawcross yesterday referred to the Gold Fields case in some detail. He highlighted the difficulties of maintaining an unfettered market while, at the same time, ensuring equal treatment for all shareholders.

The CSI was set up by the Bank of England as the City's senior self-regulatory body. Its committee which is studying the problem would "no doubt look at the proposal currently under consideration in the U.S. where purchases of over 5 per cent in a limited period of time would have to proceed by way of tender, or at the possibility of requiring partial bids," Lord Shawcross said.

The committee is expected to report to the full council with its recommendations in time for the next meeting in September.

But it is doubtful whether any definite new rule can be hammered out.

EUROPEAN NEWS

BITTER CAMPAIGN FOR VOTE THAT WILL AFFECT GOVERNMENT'S FATE

Economy dominates Italian polls

BY RUPERT CORNWALL IN ROME

FOREIGN POLICY, and the increasingly critical state of the economy have emerged as the major issues in the unusually bitter campaign for the regional elections of June 8, which will heavily condition the fate of the present government of Sig. Francesco Cossiga.

The intensity of the accusations exchanged between the three major parties—Christian Democrats, Socialists, and Communists—reflects the collapse of the fragile understanding built up between 1976 and 1979 between the Christian Democrats and Communists.

The overridingly "national" character of the vote has been underlined by the acrimonius attacks of the Communists, not only on the new, less compromising Christian Democrat leadership, but also on the Socialists.

Relations between the two major parties of the Italian Left have reached their lowest point in months. This is despite the fact that the survival of several Left-wing regional administrations after the vote on Sunday week will depend on a fresh alliance at local level between Socialists and Communists.

However, such considerations are secondary to the importance for the Communists of showing that their loss of electoral support, apparent at last year's general and European elections, has now been stopped, if not reversed.

Whether this is likely to happen is not clear. But an increase in the Communist vote at the expense of the Christian Democrats, Socialists and Republicans—the other party in Sig. Cossiga's coalition—would amount, in Italian terms, to a vote of no confidence in the present government. Equally, it would reinforce the Communists' contention that without them the country is ungovernable—and their demand to be included in an emergency administration to tackle Italy's ever more evident economic problems.

Last week's warnings from Sig. Filippo Maria Pandolfi on the gathering payments crisis, and the threat posed to the Lira, have concentrated fresh opposition criticism on the lack of government action to control inflation and boost the competitiveness of industry. Important indications may come at the Bank of Italy's annual meeting this Saturday, but no firm action—even the rise in petrol prices now thought to be inevitable—may be expected until after the election.

Meanwhile the Christian Democrats are concentrating their fire on what they claim to be the failure of Communist-led regional governments, installed in 1975, to live up to the promises made at the last regional polls.

Of crucial importance will be the performance of the Socialists, whose rebellious left wing strongly opposed entry into the new Government. A gain for the Socialists over the 9.8 per cent won in the June 1979 general election would be a vindication of the decision by Sig. Bettino Craxi, Socialist leader, to enter government. But a further drop would produce powerful pressure for him to pull out, and thus automatically bring Sig. Cosiga down.

At the same time the split between the Communists and the Government has been underlined by foreign policy disputes, where the Communists and the Left condemned both the imposition of sanctions on Iran, and the Government's decision to sendno official Italian team to the Moscow Olympic Games.

Defence row threat over Giscardian report

BY ROBERT MAUTHNER IN PARIS

A REPORT published yesterday by the defence committee of the centrist UDF party in France, grouping President Giscard d'Estaing's supporters in Parliament, threatens to stir up the old quarrel between supporters and opponents of the Atlantic alliance in France.

While not going as far as to propose French reintegration in NATO's joint military command, from which it withdrew under General de Gaulle in 1966, the report adopts a firm Atlanticist stand, which is calculated to upset the Gaullis (RPR) and Communist parties.

The Giscardians advocate the arming of French forces with a panoply of tactical nuclear weapons, including the neutron bomb, so as to raise the threshold at which strategic nuclear weapons would be used.

It is not yet clear whether the Government will openly approve the report. But it is certainly in line with the new military strategy, first outlined by President Giscard four years ago, when he said that French forces must be prepared to fight at the side of their allies in the event of an attack on Western Europe's eastern borders.

Up to 1976, the official defence doctrine did not provida for anything less than a full-scale nuclear war in Europe. France's strategic nuclear weapons were to be employed when the security of its own territory was threatened.

The UDF report, on the other hand, rejects tha so-called "French fortress" doctrine, stating that the defence of France is inseparable from that of Western Europe as a whole, "within a solid alliance, which requires the participation of the U.S."

The security of France would be at stake as soon as hostilities broke out in Europe, it adds. There must therefore be no doubt about, France's involvement, even though the final decision to use French forces and nuclear weapons, must remain with the French Government.

In the event of a conflict, the French armed forces would form a particularly valuable reserve for NATO and the conditions of their participation in any European battle must be better defined in co-operation with France's allies.

Not least the report, in effect, approves NATO's strategy of "flexible response," which it considers to be a more realistic doctrine than that of massive nuclear retaliation. Only a large number of tactical nuclear weapons, such as tha neutron bomb, could provide an effective counterweight to the enormous superiority in conventional weapons of the potential enemy, it stresses.

Dutch trade deficit doubles

By Charles Batchelor in Amsterdam

THE Netherland's foreign trade deficit nearly doubled in the first few months of the year while unemployment remained at disturbingly high levels, according to the latest official figures.

The trade deficit rose to Fl786m (£162m) in the first three months of 1980 from Fl389m in the same period last year, according to provisional Central Statistics Office figures. Exports rose by 28 per cent to Fl38.45bn (£7.9bn) but imports rose by 29 per cent to Fl39.24bn.

The poor performance in March eccounted for most of the worsening of the country's trade position. The deficit rose nearly threefold to Fl736m from Fl242m with exports 20 per cent higher at Fl13.32bn and imports 24 per cent higher at Fl14.05bn.

The seasonally adjusted unemployment figure rose by 7,000 during April to 218,000, and although the actual number of jobless fell slightly, this decrease was considerably lower than normal at this time of year.

The unemployed amounted to 5.1 per cent of the working population compared with 208,300 or 57 per cent in April 1979. The seasonally corrected number of vacancies also rose during the 12 months to the end of April—by 5,200 to 66,900.

The main reason for the April increase in unemployment was the depressed state of the building industry, where the jobless total rose 13 per cent compared with the 37 per cent average. High interest rates have sharply redneed bousing demand in recent months.

Community expects to import 10% more coal this year

BY JOHN WYLES IN BRUSSELS

COAL IMPORTS into the EEC are expected to rise by slightly more than 10 per cent this year, according to the latest forecasts from the European Commission which point, however, to a slight overall drop in Community coal consumption in 1980.

The predicted rise in imports follows a 30 per cent increase in 1979 when South Africa overtook Poland as the principal supplier of coal to tha Community. The Commission says that last year's 11m tonnes rise in imports to a total of 59m tonnes reflected booming demand for steam coal for electricity generation and coking coal for the Community's steel industry.

But Community-produced coal, overwhelmingly from the UK and West Germany, shared in the 10.4 per cent rise in coal consumption for electricity generation which rose from 160m tonnes to 178m tonnes. While imports provided 5.5m to 6m tonnes of the extra consumption, a further 5m tonnes came from EEC mines.

The expected rise in imports this year will be due largely to demand by French power stations and a number of other non-coal-producing member states. British and West German production is expected to continue to cover an overwhelming share of the two home markets, while Belgian and French coal industries will continue to see a drop in their share of their home markets. Tha growth in demand for coal in Belgium and France and the other non-coal-producing member states will be met by rising imports.

These figures are contained in a report on the Community coal market by Herr Guido Brunner, the EEC Commissioner for Energy. He predicts a modest 0.1 per cent fall in Community-wida consumption in 1980 to 308.2m tonnes, partly because coal use in electricity generation looks likely to level off and partly because coal use in gas production will fall sharply. Coal production in the EEC will be marginally higher than last year at 239.6m tonnes, says the Commission.

Esso's $500m gas project

BY MARTIN DICKSON

ESSO IS to build a $500m pilot plant at Rotterdam's Europort to convert coal into methane gas.

The investment by the world's largest oil company is a significant step forward in the development of substitute natural gas, which is expected to become an important alternative to natural gas during the next 20 years.

Esso said yesterday that its Rotterdam plant would convert 100 tons of coal a day into methane and would probably start production in mid-1985.

The company estimates that it will need three years' operating experience before proceeding with the development of commercial-sized synthetic gas plants.

French 'in EEC farm price trap'

By Margaret Van Hattem in Brussels

FRENCH Government threats to bypass a British block on this year's EEC farm price review by paying national aids to its farmers promise an unpleasant start to today's Farm Council meeting in Brussels.

Some countries sympathise with the French desire to unblock farm payments but no-one wants to see them drive a bulldozer through Community rules. Many feel the French are caught in a trap of their own making.

With little prospect of a snap solution this week on Britain's demands for a cut in its payments to the EEC budget, France's decision to link the budget dispute to a farm price settlement, is starting to backfire.

The French Government has promised its increasingly militant farmers that they will receive from next month, the higher EEC support prices agreed by all member states except Britain in Luxembourg last April.

The British Government has signalled that it too will accept most of the Luxembourg package — including a 5 per cent average farm price rise and virtual abandonment of plans to curb the costly dairy surplus—but only when the other countries come up with a satisfactory budget offer.

It is widely felt that the French do not wish to sabotage any emerging budget deal by precipitate action on farm prices, and that their threat to introduce national measures is mainly an attempt to step up pressure on the British.

Support farmers

The French have said that if no agreement is reached this week, they will support their farmers with rebates on value added tax; special subsidies for young farmers; payments on suckling cows and subsidies in the fruit and vegetable sector.

Should the European Commission decide, on closer examination of the details, that these measures do not violate EEC rules, the other member states will be able to do little other than to express their displeasure.

But this is likely to be widespread. For the other countries would them come under pressure from their own farmers to pay similar subsidies out of national funds. Poorer countries such as Italy and Ireland feel they could not afford this and richer countries, such as Germany and the Netherlands, resent the attempt to bypass normal council procedures.

If, on the other hand, the Commission considers that the French measures do violate EEC rules, France cannot proceed legally without a unanimous vote of support from the council — something the British would certainly veto.

The French, already in defiance of the European Court of Justice over their illegal curbs on British lamb imports, might be tempted to press on regardless, knowing that it would take several months for the resulting legal procedures to take their course.

But, it is felt, they would do this only as a last resort. Commission officials suggest that the French Government does not wish to lose face before its farmers and expose itself to the inevitable jeers of M. Jacques Chirac, the Gaullist leader, but equally that it has little to gain by destroying the machinery of the Common Agricultural Policy.

Exlosive issue

Consaquently, it is suggested that M. Pierre Mehaignerie, the French Minister, will be under pressure from the other Ministers to hold back

The other explosive issue on the council's agenda concerns the inclusion of lamb and mutton in the CAP. The French, supported by the Irish, won reluctant support from all members except Britain at the Luxambourg meeting for proposals to support high lamb prices with intervantion buying. They still hope to win support for subsidies on exports of EEC lamb to third countries.

The British have long resisted these proposals because, although they would not cost a great deal initially, they are felt to be unnecessary and would be greatly resented by competing prodneers such as New Zealand.

Intensive lobbying in EEC capitals in the past fortnight by the New Zealanders may have weakened support for the French on this point but it is widely felt that the British may have to give some ground.

Offshore oil search by French

By Terry Dodsworth in Paris

FRANCE'S TWO State-controlled oil companies, Compagnie Française des Petroles (CFP) and Elf Aquitaine, have been given the go-ahead for a FFr 16m (£1.6m) seismic offshore exploration effort in the deeper regions of the French Mediterranean.

The exploration programme, which will cover about 80,000 sq km in French waters over a period of two years, comes as part of the current government drive to increase energy production from home-based sources wherever possible.

Some viable, though small, oil strikes have recently been made in the south-west of France, and Elf, which has strong links with this part of the country, has also announced a FFr 1.3bn drilling project on 45 trial wells in Aquitaine. CFP, however, has bad less success in the region.

In a separate energy development yesterday Cogema, the French nuclear company, announced a new uranium discovery in the south-west of the country. Cogema said that the estimated reserves amounted to some 20,000 tonnes, or about one-fifth of the present uranium resources of France.

WEST GERMAN BROADCASTING

Political squabbles threaten a careful balance

BY ELGIN SCHOEDER IN BONN

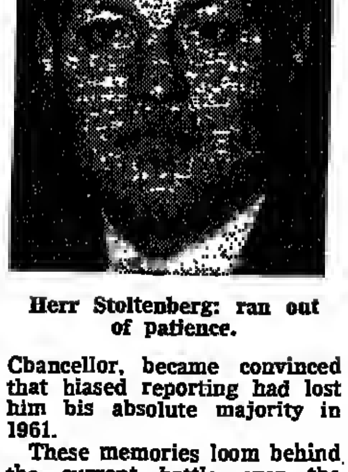
MAJOR CHANGES in the West German media scene could result from a ruling expected today from the Federal Administrative Court in Berlin.

Immediately at issue is the future of Norddeutsche Rundfunk (NDR-North German Radio—the country's second largest network. So far NDR has been run jointly by three of the *Laender*, the German Federal States. But political squabbling between two of the estates—run by Christian Democrat (CDU) governments—and the third, run by the Social Democrats (SPD), could well mean the end of NDR in its present form. One of its three owners; Schleswig-Holstein, is trying to break it up.

Beyond the NDR issue, many Germans, including Chancellor Helmut Schmidt, fear that the court's verdict may herald the beginning of the end of the country's present broadcasting system which, they say, has proved its worth over the past 30 years.

The system was established after the war with the kind of independence the BBC enjoys as its model. To make sure that broadcasting would never again be taken over by the state, it was during the Nazi era, the *Laender* were made solely responsible for the broadcasting networks. Nine regional stations were set up, run by public-sector bodies made up of representatives of all "socially relevant". groups such as the political parties, the chruches and the trade unions. These nine stations subsequently formed ARD, West Germany's first television channel. During the day this broadcasts separate regional programmes, but in the evening the stations contribute to a joint effort. In 1963 ZDF, the second channel, was founde—also in the from of a public corporation—representing all the *Laender*. This channel televises a single programme for the whole of Germany.

But from the start, the political parties jockeyed for more influence in the bodies managing and supervising the networks. The opinion-forming power of the broadcast word was the great lure. Soon, the CDU, then in power at Federal level in Bonn, began to complain that the SPD was exercising too great an influence on broadcasting, and that radio as well as television was "leaning" too far to the political left. Dr. Konrad Adenauer, tha first Federal



Herr Stoltenberg: ran out of patience.

Chancellor, became convinced that biased reporting had lost him bis absolute majority in 1961.

These memories loom behind the current battle over the future of NDR. Schleswig-Holstein and Lower Saxony—both CDU-controlled—have long deplored and heavily attacked what they believe to be slanted left-wing programming propagated by SPD-run Hamburg.

In June 1978, Herr Gerhard Stoltenberg, the State Premier of Schleswig-Holstein, finally lost his patience and gave notice that he wished to cancel the radio contract concluded between the three states. Initially, he only wanted, as he put it, to "neutralise the one-sided programmes ruled by monotonous Marxism," to stop the network's "financial mismanagement" and to extend regional (i.e. Schleswig-Holstein) broadcasting.

But meanwhile Herr Ernst Albrecht, the Lower Saxony State Premier, was firmly determined to use this chance to provide an alternative to the publicly-owned channels by introducing privately run commercial stations. "It would give me pleasure," Herr Albrecht admitted, "to reshape the whole German broadcasting system through NDR."

Social Democrat reaction was strong. Herr Schmidt spoke of "dangers more acute than those connected with nuclear energy," if commercial television were to come in. He warned that too much telly-watching could destroy family life and that West German programme standards — widely judged to be among the highest in the world—would inevitably be lowered. This, he said, was clearly demonstrated by the poor quality of Italian and U.S. television.

The advent of the so-called new media—including cable and satellite television—thought inevitable by experts of every political persuasion, pains the Chancellor. Herr Schmidt feels that the "proven system" has enough to offer everybody. Only last year, he stopped Post Office plans to lay cables in 11 West German cities to prepare for possible trial runs of private stations on the grounds that this would prejudice the commercial TV issue.

The Bonn Government is also trying to block Radio Luxembourg's plans to broadcast its commercially-orientated programme via satellite into every German living room.

The Berlin court meeting today will now—albeit indirectly—either protect this monopoly or open the door to rival networks which, in the eyes of the CDU would guarantee "healthy diversity of opinion." The five judges have to decide whether NDR will be dissolved by the end of the year, or whether Schleswig-Holstein alone—as the State which gave notice on the contract—will now go its own way.

Lower Saxony and Schleswig-Holstein seem confident that the NDR will be dissolved. The Premiers of both states have already signed a provisional radio contract excluding Hamburg, but including private broadcasting companies.

The SPD also appears to ba reckoning with a dissolution. At its request, two legal experts have examined the issua and concluded that the contract could lead to an infringement of radio freedom. On the basis of this, the SPD then announced that it would appeal to the Karlsruhe Constitutional Court if a two-Laender channel should be formed.

If NDR really does break up, ARD, the first TV channel which has carefully to balance the interests of nine regional stations, will be deeply affected. Not only does NDR contribute 19 per cent of the channel's programme—including the 8 o'clock newa and the 10 o'clock news comments—it also provides from its licence income roughly DM 21m (£5m) annually for the needs of smaller and therefore poorer stations.

Beyond that, the dissolution of NDR could start a chain reaction from which no German natwork would escape unscathed.

Zaire lays $1bn investment plan before Western aid donors

BY MICHAEL HOLMAN, RECENTLY IN KINSHASA

FOR THE fourth time in two years the consultative Group on Zaire meets in Paris today to discuss the affairs of Africa's debt-ridden giant.

Under the chairmanship of the World Bank, 11 countries, including Belgium, France, Britain and the United States as well as several international agencies, will review a three-year public investment programme prepared by the Zaire Government, covering agriculture, transport, energy, industry and mining. The massive document, entitled "Plan Mobutu" with the egocentricity that marks the country's President, has undergone several revisions.

However, the end result, calling for more than $1bn worth of investment, is generally regarded as a sound framework for the recovery of an economy hit by a combination of low copper prices, mismanagement, corruption and inefficiency, leaving it incapable of servicing an external debt which, with arrears, exceeds $4bn.

Whether the current administration is capable of attracting investment on such a large scale, or of using effectively such aid as it does receive, is open to doubt. Past efforts suggest that donors are prepared to do little more than keep Zaire's economy ticking over.

The consultative group first met in June 1978 to discuss emergency short-term aid following the May invasion by Angola-based rebels of Shaba Province, source of copper and cobalt exports which provide three-quarters of foreign exchange earnings.

But it had long been apparent that far reaching reforms were urgently needed and, in November 1978, the same group met to examine proposals for economic and financial stabilisation. Including measures affecting the bank of Zaire and Ministry of Finance, as well as humanitarian needs. Donors pledged some $225m, of which $15m was disbursed in 1979.

The third session was held last November after the adoption of a stabilisation programme, agreed with the International Monetary Fund, to cover the 18 months from July 1, 1979 to December 31, 1980. It called for a reduction in the budget deficit to Zaires 350m (£50m) cuts in domestic credit, further devaluations of the Zaire (which over the past two years has been devalued in stages by nearly 80 per cent), tighter control of foreign exchange dealings and a pledge to reduce external payments arrears while limiting new government borrowings. As a result, in August 1979 the IMF approved a standby facility of SDR1,189m over 18 months and a trust fund loan of SDR 50m.

At the November meeting, Zaire requested $300m of commodity assistance for 1980 and secured pledges of $180-$200m. But an early draft of the Plan Mobutu was, in effect, sent back for revision.

However, although the plan may now prove acceptable in technical terms, little has happened to reassure friendly governments about economic and political conditioos, or to convince them to help Zaire narrow a balance of payments deficit for 1980 estimated at over $400m.

Conversation among diplomats and economists about Zaire tends to take on an almost ritualistic form. It begins with a catalogue of ills, invariably then refers to the country's "huge potential" and concludes with speculation about the survival of a President widely regarded as corrupt and authoritarian.

From tha man in the street comes an almost unmitigated tale of woe. Inflation, which in recent yaars has reached 100 per cent a year, has been reduced to 40-50 per cent over the past four months, but wages are being erodad at an intolerable level still. Hospitals lack medicines, schools are short of books, crime in the cities is rampant, and low agricultural prices and a derelict transport system discourage farmers.

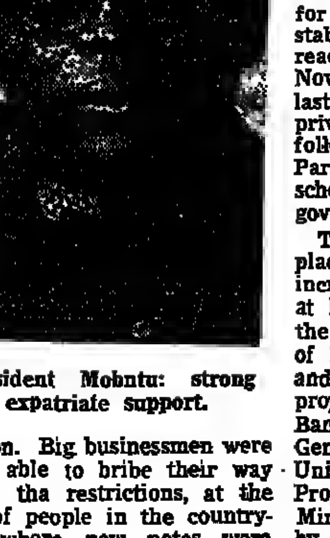
Copper production fell to 370,000 tons last year (471,000 in 1974) though cobalt kept up at 12,300 tons. But coffee, the main agricultural axport, fell to 70,000 tons (94,000 in 1978), while palm oil products, rubber and tea have also fallen.

Government surveys show that approximately 70 per cent of installed production capacity is idle as a result of shortages of necessary imports—a reflection of the fact that in 1978 imports by volume were half the 1974 level. Yet a declining agricultural sector has meant that over the past five years an average of 18 per cent of imports are food—though the country was self sufficient in foodstuffs at independence in 1960.

Coffee, gold, diamonds and ivory are still amuggled out on a masaive scale

Two recent events sent a frisson of horror through many expatriates, who feared they might trigger unrest in the Cité where most of Kinshasa's 2m-3m people live in appalling conditions.

The first took place between Christmas and New Year, when all five and ten Zaire notes were withdrawn and replaced by a limited number of newly designed notes. It turned out to be an exercise riddled by corruption. Big businessmen were often able to bribe their way round tha restrictions, at the cost of people in the countryside where new notes were often not available.



President Mobutu: strong expatriate support.

One diplomat estimatas that three quarters of the people in the interior have had savings wiped out and in some areas people have been reduced to barter. In Kinshasa itself queues stretched for blocks and when the deadline expired many were still holding worthless old notes. But nothing happened.

In the second event, university students in Kinshasa last month demonstrated about conditions, including the level of their grants. Their demands were refused, several cars were burnt, and tha French-trained 31st Batallion rounded up the protesters. The university is now closed to the 6,000 students until October, except for those taking finals. Again, the unrest did not spread.

Yet it might be said that much has been done to prepare for the period following the stabilisation programme. Zaire reached an agreement in November, finalised in Paris last month, on rescheduling of private bank debt. This was followed by agreement with the Paris Club governments on rescheduling of $1.3bn of Zaire's government guaranteed debt.

These measures had taken place against a background of increasing expatriata control—at least in theory. It included the installation towards the end of 1978 of a Deputy Governor and five technical advisers—all proposed by the IMF—at the Bank of Zaire. A Controller General, proposed by the United Nations Development Programme, is now in the Ministry of Finance, assisted by a team of experts. A newly created Office of Customs and Duties is staffed by Belgians, and tha French control a Central Pay Directorate.

Further, the tangled nature of external debts has been sorted out, tha management of some state companies has been reformed and the budget came out in January rather than mid-year as before.

Yet doubts and questions abound about the effectiveness of this array of foreigners. Perhapa most disquieting was tha failure of Zaire to fulfil the IMF terms, with a 1979 budget deficit of Zaire 561m soaring above the Zaira 350m target, forcing a suspension of drawings and a review of 1980 targets. Meanwhile, President Mobutu survives, but partly thanks to a powerful expatriate presence in his army.

He frequently reshuffles his Cabinet—13 Ministers were sacked in January—to cut away the bases of would-be successors. Erstwhile opponents, such as Mamitatu Massamba, now Minister of Tourism, are shrewdly brought into government. The 272-member Legislative Council makes good use of its yearly opportunity to cross-question Ministers but it was notable that the Bank of Zaire governor was not among them. And although members are more outspoken than in recent years they are not regarded as a real threat to the President.

Some observers feel President Mobutu's room for manoeuvre has run out. He has accepted, they believe, that economic reform is imperative if Zaire is to receive aid on the scale envisaged in the plan. "We have got the Government over a barrel economically," maintains one economist. The test of this assertion will be whether Zaire will this year provida the $470m due in debt servicing—representing some 35 per cent of exports, double the anual amount paid out in the past and well over the $120m paid last year. Most observers in Kinshasa, however, believe that tha saga of broken rescheduling terms and failed stabilisation plans is far from over.

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OVERSEAS NEWS

Confident Obote in emotional return to Uganda

BY MICHAEL HOLMAN IN BUSHENYI, UGANDA

DR. MILTON OBOTE, the former Ugandan Presideot, returned home yesterday after a nine-year exile, kissed tbe earth of a remote airstrip, and lauoched bis campaign to recover the office he lost to Idi Amin in 1971.

His return marks an event virtually witbout precedent in Africa. Other deposed leadera have either been killed during their couotry's coups or are in exile as outcasts with no support and no cbance of raturn.

As Dr. Obote stepped off the Tanzanian Air Force Buffalo transporter which had brought him from the Tanzanian capital of Dar es Salaam—whera he had lived as a beachsida neighbour of President Julius Nyerere—he knelt and kissed the dusty airstrip at Mbarara, in south-west Uganda.

There were emotional scenes as Dr. Obote embraced old friends and political comrades. But tbe veteran Ugandan leader, with his hair combed back and up in cbaracterstic style, lost no time in reasserting his political presence. In an 18-page prepared address to a 10,000-strong rally here in Busbenyi, 40 miles from Mbarara, he pledged that if his Uganda People'a Congress came back to power it wonld end corruption, restore law and order, and bring about the reconstruction of the economy. He also asserted that there would be no nationalisation.

A general election is scbeduled in Uganda before the end of the year. Technically Dr. Obote still has to secure the Presidential nomioation of bis party, which he led during his eight years in office, but the confident tone of his address suggests that he has few doubts that the nomination is his.

Dr. Obote's future is far from secure, bowever. He faces opposition from prominent individuals within the party, bis unpopularity among the majority Buganda tribes is a aevere handicap and be could well be cballenged in an election by mambers of the present six-man ruling military commission—possibly the former Defence Minister, Mr. Yoweri Mnseveni, or his associate, Mr. Paulo Mwanga, chairman of the commission.

Dr. Obote waa nevertheless accorded the trappings yesterday that usually surround beads of state. Tha Zambian Government sent a delegation in an Air Force plane, and over 300 Tanzaniao troops from amoug tbe 11,000 still in the country faned out around tha airstrip.

At a clearing near tbe little town, surrounded hy eucalyptus trees, an immaculately turned-out Ugandan police band played a selectioo of tunes. Armed Tanzanian soldiers were responsible for tight security, leaving the blue-uniformed Ugandan policemen to do little more than direct traffic.

Dr. Obote lashed the performance of the post-Amin administration of Professor Yusufu Lule and Godfrey Binaisa.

He dismissed as "malicious propaganda" suggestious that ha had little support among the Buganda people, Uganda's largest tribe which resents Dr. Obote's dismantlement of their powerful kingdom. He will put his popularity to the test next week when he is expected to address a rally in Kampala, a Buganda stronghold.

Iran bid to strengthen Premier's powers

By Andrew Whitley in Tehran

ON THE EVE of today's opening of Iran's post-revolution Parliament, the leader of the bard-line Islamic Republican Party (IRP) has made a strong bid for the new Prime Minister rather than the President to be considered as the country's chief exeentive.

The surprise announcement is yet another move in the long-running contest for power between Mr. Abol Hassan Bani-Sadr, the President, and the militant clergy led by Ayatollah Beheshti of the IRP.

The question of the powers of the Prime Minister, who under the constitution is chosen hy the President and approved by Parliament, is scheduled as the first substantive matter of discussion for the 270 parliamentarians.

Earlier Mr. Bani-Sadr'a attempt to set up a provisional government before the opening of Parliament was foiled by the IRP

After lengthy negotiations behind the scenes the rival camps are reported to have agreed on Mr. Hassan Habibi, the Revolntionary Conncil'a spokesman, as a compromise premier, though some politicians have cast doubt on whether he will eventually be approved.

William Dullforce reports from Stockholm: The three European Socialist leaders' visit to Tehran could have contribnted to solving the issue of the American hostages hy demonstrating that the rest of the world took a positive interest in Iran and its revolution, Mr. Olof Palme, the Swedish Social Democrat leader, said on his return to Stockholm yesterday.

Begin considers hard-line reshuffle

BY DAVID LENNON IN TEL AVIV

MR. MENAHEM BEGIN, the Israeli Prime Minister, is considering a Cabinet reshuffle which would transfer the hard-line Foreign Minister, Mr. Yitzhak Shamir, to the Defence portfolio to replaca the more moderate Mr. Ezer Weizman who resigned this week.

The Prime Minister's office would not confirm Israel radio reports that the reshuffle would bring the bard-line Energy Minister, Mr. Yitzhak Modai, into the Foreign Ministry. But it was acknowledged that Mr. Begin wants to fill the vacant Defence Mioistry portfolio as soon as possible and may announce his decision to the Knesset on Thursday.

The reshuffle would leave the bardliners more firmly in command in the Cabinet, and is bound to make even more remote the prospects for successfully concluding the currently stalled Palestinian autonomy oegotiations with Egypt.

The appointments, if confirmed, would serva to underline the accusatioo by Mr. Weizman in a resignation letter to Mr. Begin that the Government was stalliog in the peace negotiations. In a harsh reply to that accusation, Mr. Begin charged the outgoing Defence Minister with overweening ambition to become Prime Minister.

At the same time the appointments could defuse the Cabinet crisis, which undoubtedly would have arisen if the Prime Minister was to appoint bis favourite candidate Mr. Arial Sharon, the Minister of Agriculture, to the defence post. Mr. Sharon bas threatened to resign if be is not awarded the Defence portfolio.

Mr. Begin has obviously decided to move with speed to replace Mr. Weizman in order to lessen the impact of the resignation of tbe popular Defence Minister. By filling the vacant post as rapidly as possible, be clearly inteods to signal that as far as be and the coalition are concerned the loss of Mr. Weizman does not create any major problems.

It would also emphasise Mr. Weizman's relative lack of skill in domestic political in-fighting. Rather than bring down tbe Government as be bad boped, Mr. Weizman bas been forced into the political wilderness by the more wily Mr. Begin.

Mr. Weizman's absence will be felt most strongly in both the negotiations with Egypt and the international image of the Israeli Governmeot.

As the most moderate of the "hawks" within the Government leadership, Mr. Weizman lent a note of reasonableness to the official Israeli attitude in the autonomy negotiations. In their conduct Mr. Begin and other senior ministers appear to ba more divorced from reality.

The Egyptians found Mr. Weizman a person with whom it was possible to hava a sensible, practical discussion of the issues. He is in their view a man able to adjust his "Greater Land of Israel" ideology to the changing realities created by the peace initiative of President Sadat.

Mr. Shamir—and for that matter Mr. Sharon—shares the views of Mr. Begin and the Cabioet majority. This makes it even more difficult to envisage any possibility of reaching a compromise on the future of the occupied West Baok and Gaza Strip without a replacement of the curreot Israeli Government.

Egypt tightens controls on banks

By Roger Matthews in Cairo

FOREIGN and joiot-stock banks in Egypt are to be required to deposit 15 per cent of their foreign currency deposits with the Central Bank.

Dr. Abdel Razzak Abdel Meguid, the newly-appointed Deputy Prime Minister in charge of the ecooomy, said yesterday that the move would serve to increase substantially the foreign currency reserves at the Central Bank. In turn this would reduce Egypt's need for loans from foreign banks and other credit institutions.

The details and timing of the scheme have yet to be announced. Foreign hankers said they were still unsure whether the 15 per cent was a straight non-interest bearing reserve requirement or whether it would carry rates roughly in line with the London Inter-Bank Offered Rate (LIBOR).

Although Dr. Abdel Meguid said that the banks had welcomed the move, not all of them were represented when the initial discussions were held last week.

There are some 18 branches of foreign banks working in Egypt, four joint-stock banks that are allowed to deal in foreign currencies, 13 Egyptian-controlled banks that can deal in both foreign and local currencies, plus the Arab African International Bank and the Arab International Bank that are pure offshore operations and outside Egyptian law.

Some foreign banks have been criticised in the past for not involving themselves more fully in development projects. The arguments are particularly directed against those whom the authorities considered to be under-lent and were at the same time recording steadily increasing profits.

S. Africa unrest spreads as clergymen are charged

BY QUENTIN PEEL IN JOHANNESBURG

FIFTY-THREE leadiog South African clergymen were charged nnder the country's Riotous Assemblies Act yesterday as the boycott of classes by black and coloured (mixed race) students showed every sign of gathering renewed momentum.

Reports of widespread police detentions, and clasbes between school pupils and police, came from differing parts of the country.

For the first time in the latest unrest there was a major demonstration in a rural tribal homeland. Tens of thousands of school and uoiversity students are now involved in what began as a specific protest against poor facilities in coloured schools.

There were also reports of simmering violence over a strike by some 4,000 black textile workers in Durban, where buses bave been stoned

The clergymen, including the Rt. Rev. Timothy Bavin, the Bishop of Johannesburg, were charged for staging a demonstration in Jobannesburg yesterday over the detention of a leading Congregational minister, the Rev. John Thorne.

Police confirmed that 2,000 pupils were dispersed with batons wben they demonstrated in Witsieshoek, capital of Qwa Qwa, South Africa's smallest bomelaod.

A police spokesman said 46 schools on the Cape peninsula, and 24 in the Eastern Cape were being boycotted.

Saudis 'embark on new Middle East peace plan'

BY IHSAN HIJAZI IN BEIRUT

SAUDI ARABIA is reported to have embarked on a new Middle East initiative to replace the deadlocked Palestinian autonomy negotiations between Egypt and Israel.

Arab diplomats said the oil-rich kingdom is working on the matter behind the scenes with the U.S., King Hussein of Jordan and King Hassan of Morocco.

The diplomats were commenting on statements made by Crown Prince Fahd and bis second-in-command, Prince Abdullah, in separate interviews with the Washington Post.

Prince Fahd was quoted as saying his Government will use its influence to persuade concerned Arab countries and the Palestinians to agree to peace with Israel if the latter would promise to witbdraw from occupied Arab territory. Prince Fahd was this week on a visit to Morocco and will later be going to Algeria.

Prince Abdullah—who is the country's second Depnty Prime Minister, comoiander of the national guard and the third in line to the throne after King Khaled and Prince Fahd—said Israel could have peace in exchange for a Palestinian state.

The Saudi statements have drawn strong condemnation from two hardline guerrilla groups, the Popular Froot for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine.

S. Korea troops retake Kwangju

BY RON RICHARDSON IN SEOUL

THE South Korean army regained control of tbe southern city of Kwangju yesterday when several thousand paratroops, hacked by tanks, moved into the city centre before first light.

After a gun hattle lasting an hour and a half with militant students sheltering in the provincial government offices, the army captured the building, and the 10-day iosurrection was over.

The official death toll in the assault was two students and one soldier. However, eye-witnesses reported seeing many more bodies.

Only about 200 militants were left inside the Government offices wben the final assault came.

Support for the militants in the city, which was initially strong enough to force the withdrawal of several thousand soldiers last week after days of rioting, fell away sharply in the last two days.

The majority of a citizen-student committee formed to negotiate witb the army favoured surreodering in return for compensation for loss of life and property.

After troops secured the city yesterday, martial authorities immediately began restoring life to normal. They announced that only the most radical of the 200 insurgents detained would be prosecuted. The President also set up a committee beaded by the Prime Minister to oversee rehabilitation of the Kwangju area.

The return of government authority to tbe South Cbolla provincial capital brought an end to unrest throughout the province that followed the arrest of the local political leader, Kim Dae Jung, on May 17.

Riots in Assam over expulsion move

BY K. K. SHARMA IN NEW DELHI

INDIA'S troubled north-eastern state of Assam bas been jolted by inter-community riots in the past couple of days, and matters have deteriorated sharply. Reports of serious clashes with the army and the police, resulting in several deaths, have come in from areas where Moslems are in a majority.

The eight-month-old crisis is over a demand by students for the identification and deportation of "foreigners"—mostly Bangladeshis — who have migrated to Assam for more than three decades. The present trouble is said to have originated in areas where the so-called "foreigners" are in a majority.

Tha Moslems are reported to bave retaliated against the Hindn agitators, forcing the army and the police to intervene to prevent clashes.

Baters became worse just at the point when talks bad begun to defuse tbe tension. As a concillatory gesture, some students arrested last month were released wbile the authorities let it be known that they wanted to resume a dialogue with the agitators.

Now, however, the students have alleged that the "foreigners" do not seem to be in a mood to come to terms.

Mrs. Indira Gandhi, the Prime Minister, who is busy campaigning for the state electiona which begin today, has called a meeting of all parties on Saturday to discuss the chances of a settlement, althougb this seems remote at present.

AMERICAN NEWS

Machine tool orders fall 22%

By Jurek Martin, U.S. Editor, in Washington

ORDERS FOR machine tools in the U.S. fell by 22 per cent in April, an indication that this key industrial sector is also suffering the effects of the U.S. ecooomic recession.

The April order book of $415m compared with $528.7m in March was 10 per cent under the $416m of April last year, according to the National Machine Tool Builders Association.

The organisation also reported that its members were not expecting a fall in orders comparable to the 1974-75 recession—though with U.S. industry now only operating at about 81 per cent of capacity, some fall io the coming months was inevitable.

More severe

Mr. Charles Schultze, chairmao of the Council of Economic Advisers, admitted that the recessioo bad turned out to he more severe than expected. He foresaw unemployment rising to more than the 7½ per cent the Administration has been forecasting. At present, it stands at 7 per cent.

But be argued that what he called "corrective factors," principally the sharp decline io interest rates, had been working "at a very, very substantial pace"

Arizona plans to keep its spaces empty

BY DAVID LASCELLES, RECENTLY IN PHOENIX

IF YOU want to know what the future holds, go to Arizona.

This, at least, is the enthusiastic view of Mr. Herman Kahn, the celebrated expert on the future who has just completed a two-year study of the state, focusing on the year 2012, its centennial. Not everyone agrees with Mr. Kahn: some find the place too hot, others complain about the political climate.

But few would deny the appeal of Mr. Kahn's basic thesis—Arizona is one of the few places left in the world where you'll find a modern civilisation in unspoilt hut tameable surroundings, free from the shackles of the past. As such, he says, it marks "a post - industrial marriage betweeo an appealing environment and new technology, where lifestyle considerations are the ceotral principla around which society is organised."

Ooe cao see wbat Mr. Kabn is getting at. A few decades ago, Arizona was an empty space. About a third of it was desert, a third arable land, and tbe rest stunning mountain scenery, including tbe Grand Canyon, all bathed in blne skies and sunshine.

Today towns like Phoenix, Tucson and Yuma have sprung up, and a fast-growing economy bas evolved around mining, industry and tourism, yielding its inhabitants a gross oational product per head of some $8,000. But with only 2.5m people living in an area slightly larger than the British Isles, more than 95 per cent of the state bas barely been touched by human hand.

In no time, city-dwellers can reach the open desert, the hills or mighty rivers like the Colorado to indulge in sports ranging from hang gliding to surfing (on a man-made lake with wave-making machines). Exotic flora and fauna are abundant. And should all this begin to pall, the escape routes to California, Mexico and Las Vegas are excellent.

It sounds a bit like wonderland, and to some extent it is. The air-conditioned, car-borne, poolsida lifestyle is strongly dependent on modern technology, plus energy and water.

The first is obviously adequate, provided it does not break down in the 100-degree-plus summer tmeperatures. The average urban dweller need only suffer the beat for the few seconds it takes him to burry from his car to his bome or office. All those outdoor activities take a little more fortitude, but the dryness of the beat makes it hearahle.

Energy is a higger problem. There is some hydroelectricity from the Colorado, and coal is mined in the mountains. But the main source is to be ouclear. What will he tha largest atom plant in the U.S. is currently being assembled deep in the desert beyond Phoenix, where it can do little harm if it goes wrong. Ohviously solar energy can play a big role too, but this has been slow in coming, because energy from other sources was so cheap in the past.

Water is the biggest prohlem of all. Mr. Kahn predicts there will be plenty to go around, but others disagree. The water table bas falleo alarmingly, tbey say, and tha main incremental source will bava to be the already beavily-used rivers.

Actually, plenty of water reaches Arizona as rainfall, but only a small part of it can be retained in reservoirs up in the mountains. In the past five years, rainfall has heen so heavy that three times water engineers have had to release trillions of gallons from the reservoirs into the rivers. Ironically, this bas flooded towns, swept away bridges and cause massive dislocations to husiness life. Not long ago, Phoenix waa cut in balf hy floods, and for several days one side of the city could not reach the other except by belicopter or train—the rail bridge bald, unlike the road bridge next to it.

Arizona's attractions bave not been lost on the rest of the country. Migrants are swarming in, creating an uoemployment problem. But the state government is keen to attract new outside business—the service industry is booming, and Arizona is now the third largest electronics centre in the U.S., after California's Silicon Valley and Boston.

Mr. Clarke Bean, chairman emeritus of the Arizona Bank, one of the state's largest, speaks admiringly of the business promotion efforts of Governor Bruce Babbitt: "He's built a lot of hridges.'

But others are less sure. Mr. Gerald Trautman, chairman of Greyhound Corporation, the largest company to bave moved its headquarters to Arizona, complains of political interference, and says that he is thinking of moving out again.

Another fast-growing industry is retirement. A few miles outside Phoenix, cotton-growing lands are giving way to Sun City, the largest retirement commnnity in the U.S., with 50,000 residents. The pensioners bave brought buge amounts of capital to Arizona, but they have also raised the atate's average age, which worries those who tend the state's zestful Image.

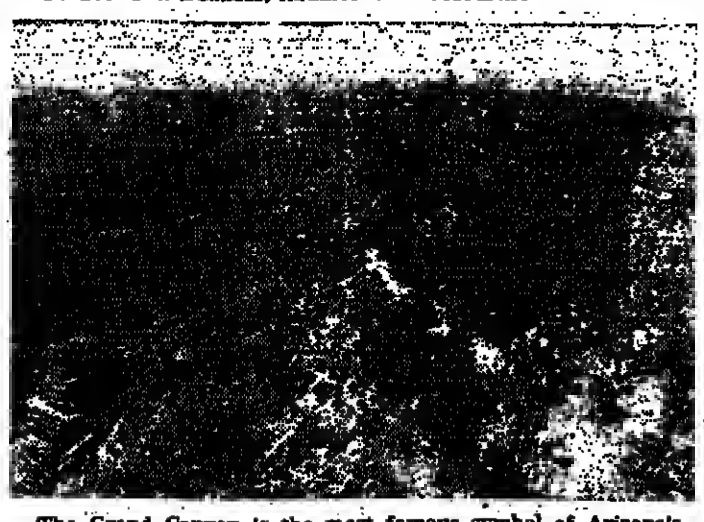
But Arizona will clearly have to do a lot of adjusting if it is to fulfil Mr. Kahn's expectations of it.

Its buge tourist attractions (which include transplanted London Bridge) are already creating demand for hotels, which will have to he carefully plaooed if the attractioo is oot to he destroyed in the process. Even today the Grand Canyon draws more than 3m people a year, clogging the facilities there and forcing the authorities to ban cars and run shuttle huses instead. The Kahn study also predicts that the state'a population will at least treble by 2012, prohahly quintuple.

Meanwhile, agronomists are busy researcbing new crops that will use less water and free more of this precious resource for human use. Among their finds are guayule, an alternative to natural rubber, and jojoba, which produces oil.

Above all, Arizona wants to avoid the Californian and Florida experience, where unbridled growth turned fine conntryside into a seml-urhan wasteland. his means the state will probably have to accept a higher level of centralised planning.

Bnt this is all part of what Mr. Kahn describes as "the Faustian risk": Arizona can plan now for a prosperous long-term future, foregoing some pleasures ln the process, or it can indulge its lifestyle to the full, and sell its soul.



The Grand Canyon is the most famous symbol of Arizona's wide-open spaces, hut elsewbere the state feels threatened by unbridled development.

Hopes rise for Peru Embassy refugees

By Hugh O'Shaughnessy

THE FUTURE of the 455 people still inside the Peruvian Embassy in Havana and their eventual evacuation from Cuba may soon be resolved as intense diplomatic negotiations between Cuba and Peru continue.

The 455 are the last of the 10,386 who come to the embassy after the police guard was lifted last month. Many of the refugees have already left with Cuban safe conducts and have reached the U.S. Police barricades now hlock access to the embassy, and it is impossible to get within several blocks.

There is a continuing impasse over the evacuation of Cubans through the port of Mariel where several hundred vessels are waiting to take passengers to the U.S. Having rejected a conference with the U.S. Britain and Costa Rica, Cuba is apparently seeking bilateral talks with countries willing to take refugees.

The Cuban press is taking full advantage of the racial disturbances in Miami and warning black Cubans that if they go to the U.S., they run the risk of falling victim to the Klu Klux Klan.

The refugee question is not halting diplomatic efforts in the Third World where Cuba is actively seeking a solution to what Havana is calling "the Afghan Prohlem."

Cuba has made little secret of its intense embarrassment over the Soviet invasion of Afghanistan, and has been working for some international agreement on the withdrawal of Soviet troops.

Cuban diplomats have been emphasising that it is unrealistic merely to demand the withdrawal of Soviet forces unconditionally and that some formula must be found under which no-one would lose too much face.

David Buchan adds from Washington: Arkansas and Florida police were yesterday rounding up stragglers from the several hundred Cuban refugees who over the weekend broke out of the Fort Chaffee and Eglin military hases, in frustration at their slow handling by U.S. immigration officials.

The refugees are still coming by boat from Cuba to Key West, Florida, much faster than they can be resettled In the U.S. Between midnight and 9 a.m. yesterday, another 1,360 arrived. Delays in the processing are thus inevitable

In both the Arkansas and Florida base "break outs" several refugees and U.S. officials were injured as meetings called to listen to Cuban grievances erupted in stone-throwing.

By early yesterday, the number of Cubans reaching Key West in the past five weeks since President Fidel Castro chose to step up the exodus rose to 82,645.

Top China Minister to see Muskie

By Our Washington Correspondent

MR. GENG BIAO, the Chinese Vice-Premier and equivalent of Defence Minister, yesterday opened talks in Washington with the Carter Administration in a trip of considerahle potitical and practical significance in terms of military-support exports to China.

During his visit, Vice-Premier Geng, who is rated high in the Peking hierarchy, will also see Mr. Edmund Muskie, U.S. Secretary of State.

Vice-Premier Geng is returning the visit made to Peking in early January hy Mr. Harold Brown, U.S. Defence Secretary. That mission, during which Mr. Brown said the U.S. was ready to sell China hardware with "military support applications" such as trucks and radar, constituted a marked tilt towards Peking

Previously, the Administration had sought to maintain an even-handed attitude to the two Communist powers. But with the signing of a trade pact with China, Congressional approval in January of favourable tariff treatment for Chinese goods, and now the defence chiefs' reciprocal visits, the policy bias is clearly in Peking's favour.

As talks began this week, U.S. officials did not seem to know what military support items tbe Chinese might have in mind. But the U.S. has clearly stated it will not sell actnal weapons to China.

McDonnell Douglas 'may face damages over crash'

CHICAGO — McDonnell Douglas Corporation could be held liable for punitive damages but American Airlines could not, after last year's DC10 crash bere in which 273 people died, a Federal judge has ruled.

The awarding of punitive damages will still have to be determined by a trial, Judge Hubert Will said. McDoonell Douglas, whicb manufactures the DC10, could be assessed for punitive damages if found gullty of wilful misconduct, he added.

An earlier Federal inveatigation pinned the major part of the hlama for last year's crash on Amarican Airlines.

Judge Will called this decision "crazy," in that "it seemed to go against the investigatioo'a conclusions," but be said he was "compelled by the present state of the law, which is less than ideal."

American Airlines could not be held liable for punitive damages because the law of New York State, where the airline was formerly based, prohlbited such damages, Judge Will went on. American Airlinea is now based in Dallas, Fort Worth.

McDonnell Douglaa could be sued for punitive damages under state law in Missouri, where the company is hased.

Mr. John Kennelly, a lawyer for aome of the victims of tbe crash, said an appeal was planoed.

McDonnell Douglas said the compaoy's counsel believed thst tha Judge's ruling—that in this case Missouri law allowed plaintiffa to seek pnnitive damages—"is in error, and will be appaaled against."

AP-DJ.

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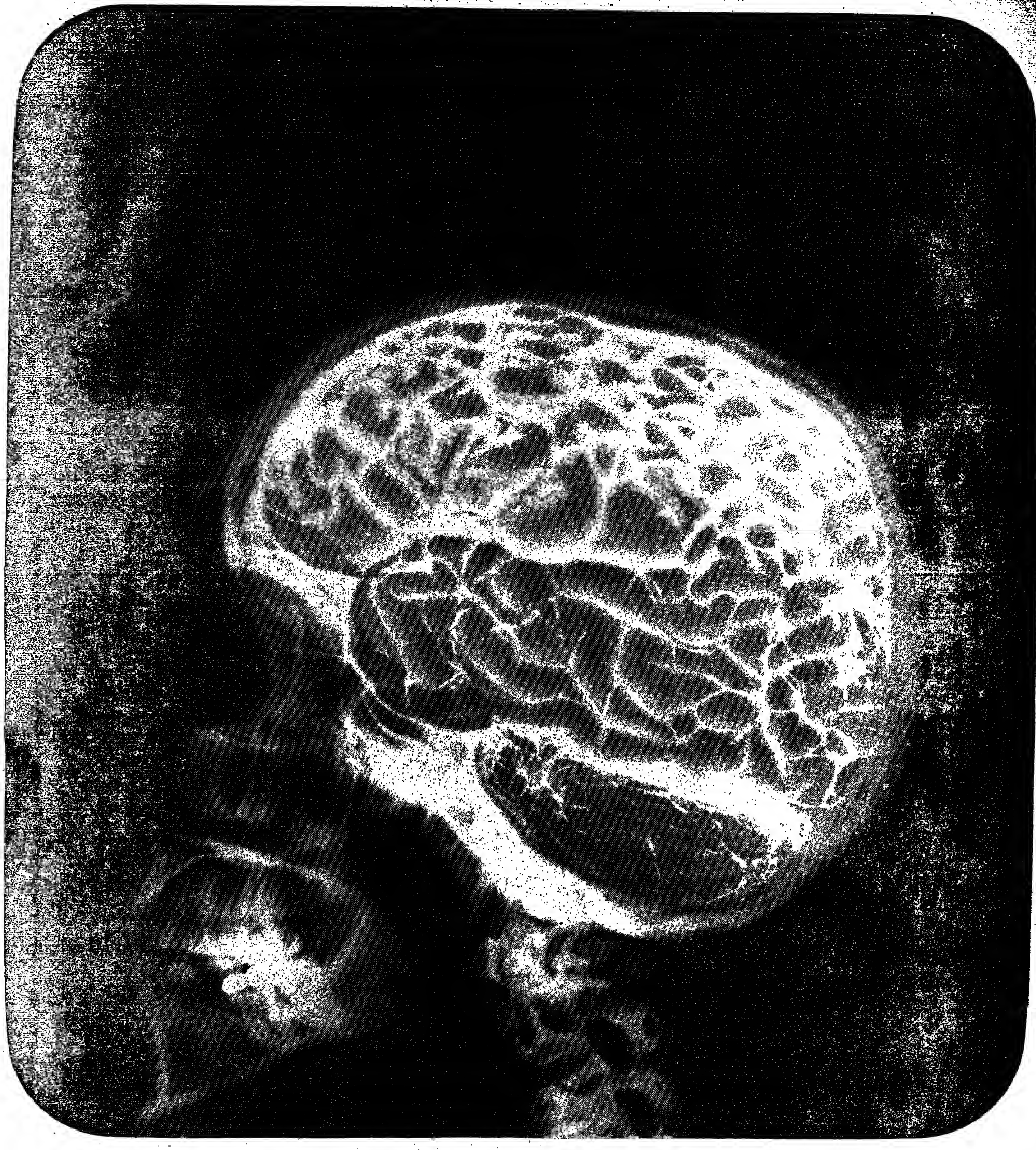

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Lufthansa to order more Jumbo jets

By Roger Boyes in Bonn

LUFTHANSA, the West German natinnal airline, has decided to order four Boeing 747s and placed nptinns fnr a further two Jumbo jets.

The company said that the new aircraft are tn be anpplied between September, 1981 and March 1982. With one Boeing 747 already ordered and due to be delivered in Nnvember this year, the airline will be operating a total of 15 of the 747s hy the end of 1982.

Lufthansa says the new aircraft, together with the 10 Boeing 747s already in service and 11 DC-10s, will make np its long-range, wide-body fleet.

The relative newness nf the Lufthansa fleet has hegun tn pay off both in terms of providing more flexibility in adjusting tn shifts in passenger demand and in terma nf fuel consumption. Nevertheless the price of oil remains a serious problem—the share of fuel in overall costs last December reached 18.5 per cent compared with 10.4 per cent in the same month of 1978.

Two of the new aircraft will have side loading cargo doors and will be ahle to carry 278 passengers as well as six 10-foot freight containers.

Pemex to supply 11% of Sweden's oil needs

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN WILL be able to buy 3.5m tones of oil a year from Mexico starting from the latter part of this year, Mexican President Jose Lopez Portillo confirmed during his visit here last week. This will be the first time than Mexico has supplied oil to Sweden and will amount to roughly 11 per cent of Sweden's oil requirements.

The technical and commercial details will be worked out later this summer betweeo Pemex, the Mexican state oil monopoly, and three Swedish oil companies — the state-owned Svenska Petroleum, the consumers co-operatives' OK and Nynäs, a subsidary of the Axel Johnson group.

One remaining problem concerns the oil with a high sulphur content which currently makes up 40 per ceot of Mexico's oil exports and which Sweden cannot refine domestically.

During Sr. Portillo's visit the two Governments also signed a memorandum on industrial co-operation, under the umbrella of which several Swedish companies hope to expand their business in Mexico. Amoog the fields listed for joint ventures are steel-making, mining, petrochemicals, shipbuilding, pulp and paper manufacturing, port development and electric power production.

LKAB, the Swedish state iroo mining company, is negotiating exports of pellets to Mexico while a working group is heing set up tn examine the sale of the Mexican navy of fast patrol boats huilt by the Karlskrona shipyard.

Kevin Done writes from Fraokfurt: Polioles, the Mexican chemicals company, owned 57 per ceot by the Mexican Alfa concern and 40 per cent by BASF, the West German chemicals group, is to invest around DM 150m (£36.5m) in the construction of two plastics plants. Both will be built at Altamira in Tampico on the Gulf of Mexico coast and are expected fo begin operation in 1983.

One plant will produce MDI, a chemical intermediate used in the manufacture of polystyrene, and will have a design capacity fo 20,000 tonnes a year. The second plant, for the production of polystyrene plastics will have a capacity of 35,000 tonnea a year. Production from both plants will he aimed at export markets aa well as domestic consumers.

Another Mexican company in which BASF holds a 40 per cent interest, BASF Vitaminas—the other 60 per cent is held by Bancomer — la spending DM 5.2m on the construction of a plant to manufacture vitamin A and E powder. The plant is aimed at meeting part of the growing Mexican need for animal feedstuffs.

Mexico to sign 50,000 b/d treaty with Canada

BY ROBERT GIBBENS IN MONTREAL

OIL WILL he flowing from Mexico to eastern Canada at the rate of 50,000 barrels daily by the end of the year under a treaty being signed in Ottawa today. But Mexico is making no firm commitment to raise the flow to 100,000 daily and refutes suggestions of setting up an energy common market with Canada and the U.S.

Tha oil will begin flowing at about 10,000 h/d by October and will reach the 50,000 b/d level two months later. Canada had been hoping the Mexicans would be willing to raise the level to 100,000 h/d within a few years but it has been made clear that further increases will have to be negotiated.

An agreement initialled more than a year ago by Mexico aod Canada said both parties "agree to deploy their best efforts in order to achieve an objective of 100,000 barrels a day as soon as possible."

The 50,000 h/d represents leaa than 10 per cent of eastern Canada's total imports. Mexico, like Canada's other main supplier, Veoezuela, iosists on including a growing amount of heavy crude in its shipments. This will mean costly spending on eastern Canada refineries receiving this oil, in order to reduce sulphur content.

In return, the Mexicans are receiving commitments to Canadain technology and a further boost in tourism. Canada would dearly like to sell Mexico the CANDU nuclear power system, and Atomic Energy of Canada is acting as consultant to the Mexican Electrical Commission on the country's overall power needs.

Mexican officials with President Jose Lopez Portillo in Ottawa stress the need for electrical transmission technology, farm development know-how, mining and metallurgical technology, telecommunications, and specialised industrial know-how. The Canadians would further like to sell petrochemical and gas processing plants.

Observers do not expect any sudden increase in Canada-Mexico trade beyond the imminent flow of oil and rising tourism. There is strong U.S., Japanese and European competition. Two-way trade last year totalled nearly C$500m (£184m), which was far less than the total with Veoezuela and several other Latin American countries. Canada had a slight surplus but this will turn to a heavy deficit with oil imports in 1981.

Mexico has recently reduced its 42 per cent tax on the import of ofreign technology, and Canadian engineering and project management funds now aay they can live with it. One major company will abortly be opening a branch on a joint venture basis in Mexico. In the long term, the capital goods field seems most encouraging for Canadian companies because of heavy investment in Mexico the total Canadian investmant In Mexico, on a book value, is about $250m, mostly in the mining industry. This represents about 2 per cent of total foreign investment in the country, but the Mexican 51 per cent ownership rule makes an increase unlikely.

Mexicans may raise level of crude shipments to Japan

BY RICHARD C. HANSON IN TOKYO

JAPAN HAS stronger assurances than at first indicated that Mexico will increase shipments of crude oil to 300,000 barrels per day in 1982 from a publicly-agreed 100,000 barrels due to be reached later this year.

Details of the planned increase in shipment will be discussed in October, when the president of Pemex, the Mexican state oil company arrives for talks. In the meantime, discussions are continuing on how much Japanese aid will be extended to Mexico for the development of steel plants and port facilities.

The Japanese are reported to be offering about Y45bn in economic aid in return for assured supplies nf crude oil. The Ministry of International Trade and Industry said, however, that there had been no decisions on the final amount of any such aid.

The ministry did confirm that the Japanese understanding is that Mexico will, in fact, increase shipments to the 300,000 barrel per day level in 1982. This was the level which the Prime Minister, Masayoshi Ohira, requested during an official visit earlier this month. There was no specific mention of such an agreement in the official communiqué issued at the time.

The first shipment of Mexican crude to Japan will arrive late next month in a tanker containing 750,000 barrels. It is expected that shipments next year can be increased to 150,000-200,000, and, if production in Mexico increases as planned, that the 300,000 target will be reached the following year.

The Mexican oil represents a very small portion of Japan's oil needs. The nncertainty of supplies from Iran, however, has forced the Japanese to diversify their sources of supply as much as possible. Since Iranian oil shipments were cut off last month over a pricing dispute, Japan has reached direct-deal agreements with Nigeria, Libya and Venezuela for crude shipments.

● AP-DJ adds from Mexico City: Petroleos Mexicanos, nr Pemex, Mexico'a national nil monopoly, said it has signed contracts with the government of neighbouring Belize to provide 4m to 5m gallons of diesel oil and an unspecified amount of liquefied natnral gas this year.

New freight centre for Calcutta

By P. C. Mahanti in Calcutta

THE EASTERN Indian Shippers' Association has thrown a challenge tn the international conference lines by announcing plans to organise a freight centre which will collect cargo and arrange with Indian companies to ship the goods on advantageous terms.

It also plans to start a shipping service of its own to the U.S. and other destinations hy hiring vessels on favourable terms and carry cargo at freight rates 20 per cent cheaper than what the conference lines charge. The first such service will start early next month, and the sailing would operate to New York, Houston, Philadelphia and Savannah. Services to UK/Continent and West Asia and Gulf routes have been planned for later.

Mr. Sanjay Sen, the president of Eastern India Shippers' Association and the deputy chairman of the All India Shippers' Council has said that the mnve is basically against the unjustified hike in the freight rates by conference lines ranging from 100 per cent to 150 per cent nver the past decade.

$15m Java carbon black contract

By Richard Cowper in Jakarta

AUSTRALIAN Carbon Black is expected to win the contract to provide tha engineering and technology for a 20,000-tonne a year carbon black plant at Cilicap, in central Java.

The Australlan company is also set to become the foreign operating partner in the U.S.$15m joint venture project with Pertamina, the Indonesian state-owned oil company, the Indonesia Development Bank, also state-owned, and P. T. Ramsec, a private Indonesian company.

Although final details of the equity share-out have yet to be decided, it seems likely that Australian Carbon Black (ACB) will take 50 per cent with Pertamina taking the bulk of the remaining 50 per cent.

Output from the plant will be largely used to service the local tyre industry which is currently totally reliant on imports, and is growing at around 12 per cent a year.

ACB, which is competing against U.S., Indian and Japanese companies, is expected to be awarded the contract largely because the major Indonesian tyre producers are already importing carbon black from ACB.

Brazilians dream of boom in China sales

BY DIANA SMITH IN BRASILIA

THE THOUGHT of selling enough cotton to dress even a small percentage nf China's 1bn peopla brings a dreamy look tn the eyes of Brazilian traders.

It conjures up visions of thousands of acres of new plantations in Brazil'a impoverished northeast, new jobs for the migrant rural poor, and new ravenue for hard-pressed state and municipal bodies.

For the moment the dreamed of boom in cotton sales to China is but a seed planted during the recent meeting in Peking nf the two-year-old Brazilian-Chinese Trade Committee. But with seven Chinese missions visiting Brazil this year, and a ateady flow of Brazilian officials and private businessmen towards Peking and Shanghai, there is little doubt that the idea will be nurtured in the months to come.

Despite the axiom "one does not sell to the Chinese—they buy what and when they see fit," Brazil's trade with China has picked up rapidly since diplomatic relations were established in 1975.

To date there has been more selling by the Brazilians than by the Chinese—of iron ore, shipped at a rate of 750,000 tonnes a year, steel alloys, snya heans and meal, sugar and even a little coffee.

With China's massive steel industry expanaion plans, the Brazilians hope tn sell more iron nre. At present, they operate under a $1bn contract signed in 1978 for a five-year

Meanwhile Brazil expects to balance its trade with China for the first time in history this year. After three years of term.

hundreds of milliona of dollars of exports and only a few million dollars of imports from China, the halance improved in 1979. Then, the first imports of Chinese oil began, at a rate of some 21,000 b/d. By October, 1979, the trade balance was $41m in Brazil's favour, with exports of $102m.

This will increase this year, and the eventual target is $250m of Chinese oil per year.

Apart from oil, the Brazilians are snapping up Chinese wooden toys, carpets and Chinaware, and stepping up purchases of basic chemicals for the pharmaceutical industry.

The will to strengthen ties between the giant of Sonth America and the giant of Asia is manifest in Brasilia—as is fascination with the industriousness nf the Chinese and their intensive use of rural space, effective methods of tackling natural hlights, and public hygiene.

The Brazilian rural diet leaves much to be desired in the way of protein, and the Brazilians are sending a team of nutrition experts to China to discover what they can learn. Other experts are looking into Chinese herbal medicine and ancient medical practices that might be applicable to Brazil, which suffers from a shortage of doctors, especially in maoy rural areas where the impoverished suffer from a dramatic variety of congenital, acquired or malnutrition-related diseases.

Brazil knows that its trade with China can never compete with, say, Japan, bnt they feel they have a strong selling point in what they call "horizontal co-operation between the world's two largest developing nations."

They see the stream of Chinese missions towards Brazil aa a sign that the Chinese want to find out what Brazil can do fo- n.

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UK NEWS

State airline critics may face 'discipline'

BY LYNTON McLAIN

SENIOR STAFF at British Airways said to have sent national newspapers documents disagreeing with airline policy. could be dismissed, the State-owned airline said last night.

The security hranch of the airlioe has started investigations to trace the aource of the documents, and "disciplinary action" will certainly be taken against those responsihle.

The documents have been sent to the Press and lo British Airways' competitors, including Qantas and Air France. The papers contained criticiam of British Airways commercial policies—in particular the move towards lower fares and allegedly lower quality. They also criticised this year's agreement on pay for aircraft cabin crew.

Mr. Roy Watts, the airline's chief executive, told managers before the Whitsun holiday that many of the judgments and conclusioos in the documents were reached by "misinterpretation and misinformation."

However, he said he would not start a public argument over "anonymous letters written (apparently) by a few staff memhers who do not have the courage to put their names to them."

Mr. Watts said that some dissent was inevitahle hut healthy in a large organisation. especially where thc organisation was determined to adapt itself in radical ways.

The airline is attempting to reconcile the difficuities of trying to operate in the growing market for mass air travel, without sacrificing too much of its standards al. a time of rapidly rising fuel and wage costs.

The dicision to drop first class seats in flights to Europe and replace them with cluh class (which provide slightly less room) is one of the measures adapted by the airline lo cater for the growing number of people who want to travel hy air.

But the airlioe's own forecasts show that the growth in airline passengers is expected to slow this year. Passenger volume is expected to grow this year hy 5.2 per cent compared wilh t4 per cent last year.

Although this growth was impressive by airline standards, it was achieved at almost no profit. British Airways is expected to announce that it just broke eveo last year because of fuel hills £300m than forecast.

The documetns at the centre of the tension which is sapping morale in British Airways have mainlained that the decision to remove first class in Europe is the first step towards abandoning it on all routes.

British Airways deniea this, and its policy of continuing this type of service has been explained in lengthy video preaentations held personally by Mr. Watts with managers, pilots, cahin ataff and other airline workers.

Mr. Walts said on Friday that the management style of British Airways was to be "open, frank and responsive."

He aaid this entailed the disclosure of plana, policies, objectives and results "in much greater detail than in other companies." The airline invited comment, including criticism from staff but he said the anonymous dissent now heing voiced "deserves scao respect, when it is expressed in ways calculated to damage our airline."

British Rail fined £10,000 for tunnel death collapse

FINANCIAL TIMES REPORTER

BRITISH RAIL was fined £10,000 ysterday after the collapse of the Permanshiel Tunnel on the main East Coast line.

Passing sentence in the High Court in Edinburgb, the judge, Lord Jauncey, said: "The risks involved of a collapse of the tunnel while a passenger train waa passing through were of course risks of an enormous degree.

"By the grace of God the disaster which occured was of a lesser rather than a very much greater degree."

The tunnel in Berwickshire collapsed on March 17 last year. entombing two workmen.

British Rail admitted an amended charge under the Health aod Safety at Work Act. Miller Construction Northern Limited had its plea of not guilty accepted.

Lord Mackay, the Lord Advocate, said a freight train passed through the 133-year-old tunnel shortly before the collapse. He said tests had been carried out hefore works began—but none was concerned with the structural strength and stability of the tunnel and how it might he affected by the work.

The Lord Advocate said BR had information that there were sags and hulges in tbe tunnel, and one of these was mentioned in a 1968 inspection report.

He added that no qualified geologist appeared to have heen Involved or any study made before the work began.

The two men who died, Gordon Turnhull of St. Boswella and Peter Fowler of Eyemouth, were operating machines in the tunnel when it collapsed at 3.45 am.

Lord Mackay said: "The matter is particularly serious because not only were the deceased exposed to risk but so too were others working in the tunnel and those travelling in trains which operated through it when work proceeded."

Mr. James Clyde, QC, for British Rail, said: "The collapse was due primarily to a highly special circumstance—a geological fault or failure over a relatively limited area of the ground above the tunnel."

This fault was unknown and undiscovered until after the collapse and might have remained undetected even with a geological survey.

"The past history was not such as to make lt obvious that there was any significant danger in whal was being done. The design and conduct of the work was not open to any serious criticism. The work was carried out 'with care and due regard to safety.'"

But Mr. Clyde agreed, it would bave been both possible and practical for BR to have had a geological survey before the work started.

● British Rail station staff and drivers were back at work yesterday after the Bank Holiday. But administrative staff enjoyed an extra day off as part of a new holiday deal which will give most staff at BR's national and divisional headquarters two days' leave for every statutory Bank Holiday.

Arts cash 'still low priority'

By Richard Evans, Lobby Editor

THE PRIME MINISTER gave a clear hint last night that State patronage for the arts would continue to have a low priority under her administration.

At a Royal Academy hanquet in London Mrs. Thatcher sald it was impossible to imagine any society in which the arts would be able to dispense with patronage.

There would always ba a need for grants and prizes, whether from puhlic or private donors.

"But even though the heights of artistic creation are often attained under a system of patrooage, you cannot achieve a rennaissance hy simply substituting Slate patronage for private patronage," she said.

What waa important was that we should not allow aome huge artistic hureaucracy to develop charged with decideding what ahould or should not he supported, and instructed to ensure that a high level of artistic productivity was maintained, she sald.

Heritage

There had to he some puhlic spendign on the arts and on the nation's heritage. At present, this went overwhelmingly to the performance arts; true market prices at the box office would put them beyond the reach of many people.

"Given time, I hope our economic policiea will change that, but in the meantime I am sure it is right to support them." Despite the need for economy, the Government had increased spending on the arts, libraries, and museums to £163m this year.

In a restatement of her personal philosophy, Mrs. Thatcher said if a beritage was to be created for the future, a more generous and less envious society must be developed.

Tax laws had grown up in the last generation which had made many artists, from novelists to conductors, into little better than exiles.

But it was not just a matter of taxatioo, it was a matter of creating an atmosphere in which individual talent could not only survive, hut flourish and feel at home.

World recession 'in early 1980s'

BY JAMES McDONALD

A FORECAST of recession for the world aconomy in the early 1980s, of recovery to a peak in 1984 in gross national product (GNP), a aetback in 1986 and then recovery hy most of the major economics later In tbe 1980s, is made today by Economic Models, the London-hased international forecasting group.

The assessment for the economies in the 1980a of Europe, North America and Japan—nine countries together accounting for over 80 per cent of OECD output and trade—is that almost without exception "this year and next will see the major economies experiencing a substantial downturn which for some countries will be more severe than the depression in 1974 and 1975."

Growth in world GNP will be stagnant in both 1980 and t981, with the U.S. and Canada particularly affected. The U.S. GNP this yaar is expected to decline hy t.8 per cent.

Economic Models is gloomler ahout the UK than in its last forecast In February, predicting bleak prospects throughout the t980s. It now estimates that the UK's gross domestic product (GDP) will drop 3.2 per cent this year—as against a 2 per cent decline forecast in February—whlle the unemployment total of 2m, which in Fehruary it dld not expect until 1984, will he reached In 1981, with 1.9m out of work by the end of this yaar. Unemployment is expected to remain ahove 2m for most of the decade. Inflation in Britain will average 18.9 per cent.

The survey forecasts a 1.5 per cent growth of British GDP in t981 and a 2.7 per cent growth in 1982, leading to a 5.2 per cent expansion in 1983. Then, after 1985-86, the forecast decline in the North Sea oil surplus is expected to expose the "weak state of the non-oil economy." There will be a growth of 3.1 per cent in 1984 then a decline of 1.2 per cent in 1985.

"The danger for the period beyond 1985-86 is that by this time the competitiveness of UK manufacturing industry will have heen eroded to such an extent that severe readjustment may be necessary."

For the world as a whole the forecast says: "In the early 1980s, along with the downturn in economic growth, there will be a substantial rise in inflation. Although rising oil and commodity prices are partially responsible, in a number of economies, particularly the U.S., the UK and Italy, domestic factors have also played a leading part.

"Also in line with the falling GNP growth rates is the rising trend in total unemploymant. In almost all of the nine countries where forecasts are presented there ara significant increases in the unemployment rate—the major exception being Japan, the country least affected by the oncoming recession."

After 1981, the survey forecasts, tbe world economy will move rapidly into recovery, with Europe playing the leading rele. "In the U.S., Germany and Italy, 1981 is the low point in growth terms: for all otber countries, however, economic growth beigns to recover next year."

In aggregate terms, world GNP growth recovers from tbe 1980 and 198t recession to peak in 1984. "The next low point in growth terms is in 1986, after which the major economies will on the whole exparience higher rates of growth" until the end of the 1980s, with global unemployment gradually falling to just over 6 per cent by then.

Support for national Co-op GB group

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A PROPOSAL to form a new national co-operative trading organisation, with retail sales of up to £3.5bn a year, was supported yesterday by delegates to the Co-op Congress meeting in the Isle of Man.

The new trading organisation, to be called Co-op GB, would be formed by the merger of the Co-operative Wholesale Society and the larger retail societies. The idea was first suggested at last year's congress hut the debate late yesterday afternoon was the first time congress delegates had heen given an opportunity to discuss the issue.

The vote supporting further moves for "Co-op GB" was only narrowly passed hy the congress. This emphasised that the Co-op movement is still split over whether a new national trading organisation is the best methnd of facing the tougher trading conditions in the High Street. Some retail Co-op societies feel the hest course for the 1980s is to emphasise the grass-roots activity of the movement rather than try to compete with the major retail stores groups.

The resolution passed hy delegates called oo the Co-op Unions' central executive to hold further talks into the Co-op GB proposal. It was revealed during the debate that 37 retail societies—out of a total of 191—had considered the proposal in the past year. The key to the new organisation, the CWS, has also conaidered the proposal hut has made no decision yet on whether to hack the project.

The debate follows a spacial two-hour report to the congress on the future of the Co-op movement In the 1980s.

The report listed some trading prohlems faclog the Co-op. "Two areas of concern must be its current concentration of trade in market sectors which are likely to experience relative deeline and its current low rate of capital investment compared to the dominant multiple retailers.

"Both of these factors will inevitably lead to a further decline in market sbare in coming years."

Arthritis cure 'likely soon'

RHEUMATOID ARTHRITIS should soon he conquered, according to the arthritis and rheumatism council. "We are now very close to findiog its cause and cure," the council said.

The optimism is hased on a review of progress by Dr. Gabriel Panayi, a leading arthritis researcher, of Guy's Hospital, London.

Economy turns from stagnation

By John Elliott

BRITAIN IS "beginning the process of turning away from stagnation," Sir Keith Joseph, Industry Secretary, said yesterday at the start of a five-day tour of the U.S.

"The relative decline associated with the bindweed of state power, which has afflicted Britain for several decades, is being stemmed," he told an audieoce of husinessmen in Chicago.

"Before very long the thousands of bealthy successful businesses will no longer be overcrowded. Britain will be on its way again."

Reducing

This would be ihe result of the Government's policy of reducing state interference in industry. "We over-taxed, overspent, over-horrowed, over-rescued, over-regulated, and over-manned. And with all these we over-loaded the trading sector with far too heavy a public sector overhead."

Sir Keith visited Chicago en route for California where be will visit electronics and micro-blology companies during ibe oext few days. He visits Washington to make a speech on the UK economy at the end of the week, and will then travel to Mexico City for three days.

Australian billiard table auctioned for £26,000

SALEROOM

BY ANTONY THORNCROFT

A BLACKWOOD hilliard table, built in the 1870s in Australia by George Billyeald and decorated with six side-panels depicting scenes of Australian social history, sold for £26,000 at Christie's South Kensington yesterday. The tahle was sold by a New Zealand couple who found lt in the hasement of a house tbey had acquired, and was bougbt hy Mr. Gerald Lawhorn, of Georgia, in the U.S. The table spent some years on loan to Buckingbam Palace and was used by the Prince of Wales, later Edward VII, before lt was taken to New Zealand in 1912.

Sotheby Parke-Bernet completed the dispersal of the collection of the late Bernice Chrysler Garhisch in Maryland witb a record price for an item of American furniture—£107,296 paid for a Chippendale Cuban mahogany kneehole desk, possibly made by Edmund Rownsend of Newport, Rhode Island, around 1770. All told, the Garbisch sales brought in over £8.7m, a record for any American collection.

Among the highlights at Sotheby's first series of sales in Monte Carlo on Sunday were the £58,333 paid for a large hed of aluminium and chrome made in 1930 for the Maharajah of Indore hy Louis Sognot and Charlotte Allx and the £32,812 for an armchair of 1927 deslgned by Eileen Gray also for the maharajah's palace. All told, hls modern furniture brought in £478,420, with another bed in tuhular chrome fetching £23,958 and a chaise longue designed hy Le Corbusier fetching £13,541.

In the art deco sale a Gallé vase of 1902-4 sold for £39,195 while a Mucha drawing of Sarah Bernhardt made £15,075, a record for the artist. The collection of 66 lots of Eileen Gray totalled £175,552.

Bank cards in electronic sales test

By Michael Lafferty, Banking Correspondent

BARCLAYS BANK will be the first British bank to experiment with electronic methods of payment at the point of sale. The scheme, which starts in the Norwich area next month will be the first practical application of a debit card in the UK.

From June 2 the 1m holders of Barclayhank cash cards will be able to pay for petrol and other garage aervices in the Norwich area through an experimental system known as Counterspeed.

Counterspeed will he available to holders of Barclaycards and most other credit cards which are part of the worldwide Visa club. The service links a garage's cash register to an attachment which reada the magnetic stripe on the back of the plastic cards. The card is passed through the reader by the garage attendant, and a receipt is produced automatically.

The equipment memorises each transaction and, at the end of the day, details are transmitted over a telephone line to Barclays' computer.

Vintage age on stamp books

THE THIRD set in the Post Office's series of stamp hooks with illustrated covers will be available from June 25.

The veteran car featured on the 50p book, again designed by Basil Smith, is a Vauxhall of 1903-05; on the £1 book, Peter Hutton shows Hawker Fury and Handley Page Heyford military planes; and on the £1.20 hook Norman Battershill shows Cornish tin mines.

Carlisle invites parents to help State schools

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT has no objection to parents subsidising books and equipment for schools affected by cuts in public spendlng, said Mr. Mark Carlisle, Secretary for Education and Science, at the National Association of Head Teachers' conference in Cheltenham yesterday.

Although the result might be inequalities in equipment between schools in different areas, Mr. Carlisle felt it was up to the head of each school to decide whether to encourage parents to contrihute.

"If parents feel there are shortages in their schools which they are able to meet, I see no reason why they should not he encouraged to do so," he said.

Signs of recovery in world shipbuilding

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE WORLD'S shipbuilding industry is recovering from its worst recession since the 1930s. In the first quarter of this year, 5.4m gross tons of ships were ordered, almost twice the output of the world's shipyards during the same period.

According to Lloyd's Register of Shipping the tonnage on order rose 2.6m tons gross or 9 per cent in the period to 30.9m tons. At the end of March 10m grosa tona of tankers were on order, 9.3m gross tons of bulk carriers and 5.3m gross tons of general cargo ships.

The world shipyards' order-books reached a low point in March 1979 of 25.1m gross tons.

Japan leads the way in ordering ships. At the end of March Japanese shipowners had 1.8m gross tons on order, followed by Liberia with 1.3m gross tons, the U.S. with 1.1m gross tons and Brazil with 0.9m gross tons.

Japanese shipyards increased the size of tbeir order-books during the first quarter by a fifth to 11.25m gross tons. Spanish shipyards Increased their orders 22 per cent to 1.9m gross tons and Korea increased lts order-book by 18 per cent to 1.5m gross tons.

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Tax cut leads Manx drive for prosperity

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE Isle of Man yesterday cut income tax hy a halfpenny to 20p in the £. It is the third successive year ln which the rate has heen cut and brings the island's rate of direct taxation on to the same level as that in Jersey and Guernsey.

At the same time bigher social security benefits, increased tax allowances, and the aholition of some local rates were announced by Mr. Percy Radcliffe, chairman of the Manx Board of Finance.

In a move that will he watched carefully in Whitehall, he told Tynwald, the island's parliament, that from 1981-82 the Government is to tax social security henefits.

"Under our present system," he said, "it has been possihle for some people to have hlghly-paid seasonal work and he unemployed for the remainder of the year and pay very little income tax, although they might have the same Income as another person whn wnrks all the year round and is ohliged to pay tax on the whole of his income. There is obvinusly a great disincentive to work."

The Isle of Man can set its own tax levels because it is a Crown dependency, owing allegiance directly to tha Queen. As a sovereign country it can levy most of its own rgtes.

Until last year it had to keep indirect taxes in line with those in Britain. But an agreement then negotiated now gives it the right to set different rates of Value Added Tax. Mr. Radcliffe announced that the islannd is to look at the consequences of altering its rate from that in the UK.

There was serious concern in Douglas, the capital, when Sir Geoffrey Howe, the Chancellor, pushed np VAT from 10 to 15 per cent last year in his first Budget.

Although the halfpenny cut in income tax may seem small, it has an important psychological effect. The Isle of Man has remained in the shadows of the Channel Islands as an offshore financial centre. The 20p rate bas been in existence for 20 years in Guernsey and 40 years in Jersey.

Tbe Channel Islands have therefore grown much more rapidly as financigl centres, capitalising on the single tax rate and the absence of any capital taxes. Now that it bas Government bopes to be able to grow more rapidly.

The island's financial activities now account for 28.5 per cent of its income, a slight fall over the year. The other maln-stays of the economy, tourism, industry and agriculture and fisbing, all improved their share.

For the first time island spending this year will top £100m. But the Manx Governmant has, by law, to halance its budget, and Mr Radcliffe estimated there should he a snrplus of £3m on revenue account after transferring £11m to finance capital projects.

Among the main tax changes personal allowances are raisad by 25 per cent, earned income allowance by 10 per cent and the personal allowance to a single parent family by 50 per cent. Concessions are also made to the self employed.

Fewer tourists and rising costs push B & I into loss

BY WILLIAM HALL, SHIPPING CORRESPONDENT

AFTER five years of uninterrupted profit growth, the Irish Government-controlled British and Irish Steam Packet Company lost Ir£1.1m last year.

B & I Line Net Profit TR £m (loss)	'000 Passengers	'000 Cars
1975 (0.1)	577	110
1976 0.2	572	112
1977 0.7	657	129
1978 1.0	758	154
1979 (1.1)	780	152

The company was hard hit by lahour unrest in the UK, a fall in Irish tourist traffic and soaring fuel prices. In addition, its interest charges were more than doubled.

Last year tha group's turnover rose hy a sixth to Ir£49m. Trading profits fell from Ir£2.5m to Ir£0.8m, and the group's net loss of Ir£1.1m compared with a profit of Ir£1.4m in 1978.

B & I estimates that it lost Ir£2.3m because of industrial problems, mainly in the UK. Its freight services were paralysed for 109 days and because of the continuing labour unrest, principally on Merseyside, it had to withdraw lts Liverpool Ro-Ro service.

It has replaced its Liverpool service with a new Ro-Ro operation between Fleetwood and Dublin. However, its Liverpool-Duhlin car ferry service continues to generate substantial traffic.

The company earriad 780,000 passengers on its nine ferries last year—an increase of 3 per cent on 1978. However, the number of cars carried fell slightly to 152,100 and the volume of freight fell hy 6 per cent to 1.39m tonnes.

According to the company tourist numbers from the UK fell by nearly 3 per cent dne to communications difficulties and adverse publicity about petrol shortages.

Last year B & I introduced two new ferries, MV Connacbt and MV Tipperary, and a third ferry will be introduced next year. In May 1979 a new service between Pembroke Dock and Cork was inaugurated and another sarvice between Rosslare and Pembroke began this month.

The company started a Jetfoil between Liverpool and Duhlin last month and is seriously considering exercising its option to purchase a second Jetfoil.

UK tops German wine exports

By David Churchill, Consumer Affairs Correspondent

BRITAIN HAS become the leading export market for German wine, according to export statistics published by the German Wine Institute in Malnz. The statistics show German wine exports to the UK rose just over 45 per cent in 1979 to 456,000 hectolitres (ahout 10m gallons). The UK overtook the U.S. as the leading export market for German wine. Exports to the U.S. fell 29 per cent to 413,500 hectolitres.

But the institute expects exports to the U.S. to recover hy the end of this year and the U.S. to return to its position at the top of the export league tahle.

The growing popularity of German wine in the UK has made it the fastest growing sector nf the wine market. A £250,000 advertising campaign is ahout to he launched for a new premium quality Liebfraumilch called "Mice Tower."

GK Wine Brokers, which will handle the UK marketing and distrihution, hnpes to win some 10 per cent of the UK market over the next 18 months.

A NOP market survey indicates that wine is the most popular drink sampled at home. The nearly 2,000 adults surveyed showed a slight preference for wine over sherry. German wine was rated the most popular country of origin for wines, followed by France and Spain.

The survey surprisingly reveals that the numher of Scots who drink whisky is helow the national average and Scotland tops the regional list of people abstaining from alcohol.

Air holidays set profits record

BY LYNTON McLAIN

THE TOP 30 air travel organisers in Britain made a record net profit of £37.3m last year, a rise of 6 per cent compared with 1978.

Turnover was £695.4m—up 31 per cent on the previous year. The Civil Aviation Authority, which gave the figures yesterday, said the net profit of 5.4 per cent of turnover, compared with 6.5 per cent in 1978, indicated that the industry was "maintaining a healthy status."

However, three of the top 30 air travel organisers made total losses of £2.6m last year compared with a loss of £700,000 hy two air travel orgaoisations in the previous year.

The list of the top 30 does not include any companies which failed last year. The losses they made are not included in the figures.

The net profits of the top 30 companies as a proportion of turnover fell steadily from 1975, when it was 4.6 per cent, to 2.2 per cent in 1977. The large increase to 6.5 pec cent in 1978 reflected the rapid growth, in that year, of international air travel, which was largely a result of moves by airlines to reduce fares.

The Civil Aviation Authority has so far this year authorised Britain's air travel organisers to offer for sale more than 6.1m air holidays in the 12 months to Christmas. The total number of air holidays has increased by nearly 1m a year for each of the past three years.

'Asset-stripping' claim over oil revenue

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT was yesterday accused of blatant asset stripping in failing to invest oil revenues in manufacturing industry, by Mr. Peter Balfour, chairman of the Scottish Council for Development and Industry.

He deplored the continued disappearance of revenues from the North Sea into the "cavernous maw" of the Treasury."

"I am not totally convinced that the Goverment has thought beyond the immediate problem of getting us out of debt. Not a had short-term objective, hut using nil revenues to do so is a very short-term expedient and a dangerous one.

"Not to reinvest oil revenues to create new industries, new technologies, new skills, not to improve our productive capacity and international competitiveness, is tantamount to asset stripping of a most blatant kind," Mr. Balfour said.

The council is a non-political body funded jointly by the public and private sectors.

Mr. Balfour criticised the Government for its lack of an effective regional policy. It could not abrogate responsibility for major setbacks to regional development such as the impending closure of Wiggins Teape's pulp mill at Fort William, he said.

State subsidies had played a part in the original investment at the mill and the effect of oil revenues on sterling had meant its output was no longer able to compete on price with imported pulp.

APPOINTMENTS

Divisional posts at British Aerospace

BRITISH AEROSPACE has appointed three new executive directors at its Manchester division: Mr. K. Edgertnn, executive director, marketing; Mr. T. A. Honse, executive director and deputy divislonal technical directnr; and Mr. M. J. Turner, executive director, administration.

★

Mr. Kevin C. McCourt has been appointed chairman of REED STENHOUSE, the Irish subsidiary of the Reed Stenhouse insurance broking group. Mr. McCourt is chairman and executive director of Irish Steel, the state-sponsored steelmaker.

★

At ROSENTHAL INTERNATIONAL, Ms. Silvia Heer bas been appointed vice-president in charge of credit and operations. She joined RIL in April after 12 years with Credit Suisse.

★

Sir Kirby Laing, deputy chairman of JOHN LAING, parent company of the John Laing Group, is to retire from the Board on his 64th birthday in July afler 43 years' service. His post as depnty chairman will be taken over by Mr. Geoffrey Parsons, who retains bis present appointment as chief executive.

★

Mr. James Stark has been appointed a director of Y-ARD a wholly-owned subsidiary of Yarrow and Co.

★

Mr. D. J. Ferns has been appointed deputy regional general manager of the City of London regional head office of LLOYDS BANK.

★

Mr. J. J. Donnachie, works director, Harlesden factory, has been appointed managing director of HAROLD WESLEY, following the resignation of Mr. G. F. Connelly. Mr. P. McGuigan, financial director, will, in addition to bis present position, he responsible for the company's Alfreton factory.

★

Mr. Mike Bowen has heen made a director of MACE MARKETING SERVICES.

★

Mr. Ian Munro has been appointed director general of EURISOL-UK, the Association of British Manufacturers of Mineral Insulating Fibres. He also represents the UK on the market development committee of EURIMA, the European association of insulation manufacturers, of which the companies wbo form Eurisol-UK are also members.

Mr. J. Michael Younger has been appointed managing director of ARTHUR D. LITTLE. He is also a vice-president of Arthur D. Little International Inc. and a European director responsible for its management consulting practice in the UK and Ireland. He succeeds Mr. Harland A. Riker, Jr., who has been appolnted chairman.

★

Mr. Peter Eyles has been appointed managing director of BRIDGE WALKER, part of the UK building division of the Trafalgar House Group.

★

Mr. Gerard Quiligotti, production director of A. QUILIGOTTI AND CO., bas been appointed to the new position of joint managing director. The position will he shared with Mr. Edward Quiligotti, the company'a chairman and managing director.

★

Mr. Rnger Davis bas been appointed a director of TUBE-BORING of Tethury.

Mr. John Willcock has become a director of MANOR NATIONAL GROUP in addition to his directorship of Manchester Garages and Oliver Rix.

★

Mr. Arthur Mellor, home sales manager of NU-SWIFT INTERNATIONAL, has heen promoted to associate director and appointed sales manager responsible for the North of England and Scotland.

★

ALBRIGHT AND WILSON has appointed Mr. Robin Gooch as managing director of Bush Boake Allen, the company's flavours and fragrances division.

★

Mr. John A. Scully has been elected a senior vice president of MORGAN GUARANTY TRUST COMPANY from June 1. He will head a new international hanking group responsible for the bank's business in the commodities and shipping industries and in Canada, inclnding the activities of J. P. Morgan of Canada, a wbolly-owned subsidiary of Morgan Guaranty.

★

Mr. N. F. Andrews and Mr. C. Sibthorpe will join the partnership of W. N. MIDDLETON AND CO., stockbrokers, on Jnne 16.

★

Mr. Ronald S. T. Robbins, manager, Canadian Imperial Bank of Commerce, London, bas been elected chairman of the BRITISH OVERSEAS AND COMMONWEALTH BANK'S ASSOCIATION in succession to Mr. R. C. Wheeler-Bennett.

★

Lt.-Col. Howard Jordan has been appointed director of the SCOTTISH ENGINEERING EMPLOYERS' ASSOCIATION, following the retirement of Mr. William C. Munro.

Show day for NATO navies

NATO'S two standing maritime task forces, Atlantic and Channel, will go through their paces in the North Sea on June 9 and 10 for an audience of diplomatic and military officials.

The group headed by Dr. Joseph Luns, Secretary-General, will include ambassadors to NATO and representatives on the Alliance's military committee.

The sea days have heen jointly planned by Admiral Sir James Eberle, Allied Commander-in-Chief, Channel, and Admiral Harry D. Train II, Supreme Allied Commander, Atlantic.

Demonstrations will include mine countermeasures, surface-to-surface gunnery, anti-submarine operations, a replenishment at sea, and rocket and homb attacks hy Royal Netherlands Air Force aircraft. The ships will operate from the Netherlands naval base at Den Helder.

UK NEWS

Big-spending councils face cut in grant

BY ROBIN PAULEY

THE GOVERNMENT has compiled a confidential list of 21 lucal authorities in England and Wales which it will penalise for overspending unless they can show special circumstances worthy of a reprieve.

The authorities are all Labour controlled. except Hammersmith and Fulham. which has a Liberal-Tory coalition, and Wandsworth, which is Tory.

Wandsworth is certain to be exempted from penalties because of its previous attempts to cut spending and manpower have impressed Ministers who use it as an example of what ought to be happening up and down the country.

A final decision on the scale of penalties is imminent but will await final checks by civil servants to uncover any mitigating circumstances.

The penalties will take the form of withholding part of a future Government grant. How much is withheld will depend on the degree of overspending.

Penalised authorities will be forced to increase their rates to make up the shortfall or to cut services and reduce spending.

Mr. Michael Heseltine. Environment Secretary, said in November that authorities on what he calls the "baddies" list would be exempted if spending had been reduced significantly in real terms or if unexpected expenditure had been incurred —for example because of flooding.

The list has been compiled on the basis of the notional uniform rate of 119p in the pound set by the government last November.

This is the rate which authorities would need to levy, after taking account of government grants, to raise just enough to cover their spending needs as assessed by the Environment Department.

Anything over this could be regarded as overspending.

In fact. more than 1ā0 authorities have a rate above the 119p figure, and the threshhold set to catch the worst is 1ā6p, which allows for overspending of more than 30 per cent above the notional figure before penalties begin.

The figures in the list vary from the actual basic rate levied by authorities for 1980-81. This is because the Environment Department formula has allowed for differences in circumstances between London and the rest of the country and for differences between types of government grant.

These penalties will apply only this year while the Government changes from the old system of rate support grant to the new block grant system, which will operate from 1981-1982 onwards.

The new system, embodied in the Local Government Planning and Land Bill now passing through Parliament, will ensure that Government grants are automatically reduced once an authority's spending exceeds prescribed levels.

Any further expenditure would have to be paid for with money raised exclusively from ratepayers.

Mr. Heseltine always said he hoped he would not have to penalise any authority this year and that only a handful, "maximum 20," would suffer in any event.

But many rates for 1980-81 were far higher than he had hoped and the Government's campaign to persuade local authorities to cut manpower levels has so far been an almost total failure.

Mr. Heseltine has admitted that there would be an element of rough justice in the penalties.

Because of the way the list is calculated, no penalty will be levied against authorities which increased their rates by very large percentages if that increase did not bring the simple rate figure far enough up the list of overspenders.

RATE IN THE POUND AFTER ADJUSTMENT BY ENVIRONMENT DEPARTMENT FORMULA

	p		p		p
Camden	266	Newcastle	178	Newham	158
Islington	231	Hammersmith/ Fulham	166	Greenwich	157
Southwark	216	Swansea	165	Afan	156.75
Tower Hamlets	209	Brent	162	Doncaster	156.7
Lambeth	208	Waltham Forest	159	Wandsworth	156.3
Haringey	190	Manchester	159	Hounslow	156.1
Hackney	189			Sheffield	156
Lewisham	181				

EEC adverising controls 'too rigid'

BY MICHAEL THOMPSON-NOEL

THE EEC was yesterday accused of attempting to fit British and other European advertisers into a straitjacket of conformity by one of Britain's first European Commissioners.

Lord Thomson of Monifieth said the Commission was being over-zealous. It was a folly to try to run people's daily lives from Brussels.

Lord Thomson is the present chairman of the British Advertising Standards Authority and chairman-designate of the Independent Broadcasting Authority.

In the BASA's 1979 annual report, he says the Community's draft proposals for governing advertising standards in member-countries were a threat to the British system of statutory control and self-regulation.

The EEC should stick to its proper job—"The fateful and historic business of bringing about the strategic convergence of our national economies and enabling Europe to has a single foreign policy."

'It's union against union' at the Isle of Grain

BY JOHN LLOYO, LABOUR CORRESPONDENT

AT ABOUT 7.30 yesterday morning, the first coach bearing the workers for the Isle of Grain power station ground slowly down the straight half-mile to the station's gates. It was stopped 50 yards in front of jeering pickets hemmed back (and outnumbered) by Kent constables.

Mr. Frank Earl, national officer of the General and Municipal Workers' Union (who had earlier muttered: "this is my bloody nightmare") stepped on the bus.

Inside, in company with the workers, a number of pressmen and an ITN film crew, sat two fellow senior trade unionists, Mr. John Baldwin, general secretary of the AUEW's construction section, and Mr. Eric Hammond, an executive councillor of the Electrical, Electronic Telecommunications and Plumbing Union.

Like Mr. Earl, both men were experienced, middle-aged and routinely described as moderates. But they were on a wholly different side.

Mr. Earl addressed the passengers, asking them to turn back from the picket line. He received several dusty answers.

"John Baldwin isn't a trade unionist," he said. "Any person who goes on and crosses picket lines here today can't call himself a trade unionist."

Mr. Hammond, sitting a few feet from Mr. Earl, retorted: "We're thinking about the jobs here on this site."

"You're naive if you think you're saving jobs," said Mr. Earl.

"We're stay naive," snapped back Mr. Hammond. "We're trying to save an industry here. We're going through."

Later, as other buses followed the first, Mr. Earl stood back from the pickets and said: "It's union against union. I'm very very angry and disgusted that colleagues should do this. It's the worst I've ever seen."

Later still, with most of the workers through the picket lines, Mr. Baldwin and Mr. Hammond stood inside the perimeter fence. They showed off a sizeable rock which they claimed had been thrown through a window—the pickets allege it was thrown by a policeman—and talked of "a victory for sensible trade unionism."

"If this is modern trade unionism then I want no part of it," said Mr. Baldwin. "This gives all our critics evidence of the ugly side of unions."

"Either Frank Earl is a food or he's unfit to be a trade union official," said Mr. Hammond.

The fierce animosity evident between the senior officials found its counterpart on the lines. Pressed back on to a narrow pavement by some 500 policemen, about 350 pickets erupted into sporadic anger as coaches and vans crawled through the tunnel created by the police.

The first few were hit by placards and had to stop as the crowd came at them—it was then that the bulk of the 37 arrests were made.

As more and more came through between 8 and 9 am the pickets quietened and confined their anger to shouts of, among other epithets, "Scab!"

There were moments of wit: Mr. Baldwin was widely identified as "J. R." of Dallas fame; one picket donned a Hitler mask and harangued his fellows.

Most of the workers who went in looked a little sheepish. Only a few returned the gestures and shouts of the pickets. Perhaps two dozen said they would turn back.

Pickets recognised several shop stewards from the AUEW, the EETPU, and even the Transport and General Workers' Union—and their transport was treated with particular odium.

By 9.30 am the trickle of white collar workers in new saloons had dried up, the police and pickets packed up, leaving a dozen GMWU men to hold fast the stable door.

Police remove a picket at the Isle of Grain. Terry Kirk

The parameters of the problem are constant

John Lloyd examines the background to the dispute

IT IS AS well to remember that when the Isle of Grain power station — Europe's largest construction site, which is expected to cost £560m—was closed by a strike last August, It was not the laggers who stopped it. Nor are they doing so now—though they are trying.

The unrelated dispute (involving scaffolders) did, however, throw up two problems which concerned the laggers.

First, Cape, Darlington and Newall, the employing firm, informed the 27 laggers who had been laid off that they would not all be needed when work restarted. The union stewards, Mr. Phil Kelleher and Mr. Malcolm Collar, decided on a "one out all out" approach, and stayed out.

More importantly, the contractor was under pressure to change the high, open-ended bonus scheme for a lower rate more in tune with rates earned by other skilled men on the site. This aim was shared by the other skilled workers' unions, mainly the Amalgamated Union of Engineering Workers' construction section and the Electrical, Electronic Telecommunications and Plumbing Union.

The parameters of the problem have remained constant since. The Grain laggers, supported by their union, the General and Municipal Workers' Union, have refused to return for less bonus. The other unions, led by Mr. John Baldwin, general secretary of AUEW construction section, have refused to allow their members to be, as he puts it, second class workers.

Yesterday's actions have widened the gulf. The GMWU confirmed the principle that their laggers will not take less.

Mr. David Basnett, the GMWU's general secretary, commented that the TUC's finance and general purposes committee had supported that line—he had accepted its decision, Mr. Baldwin had not.

Yet Mr. Baldwin and the other skilled workers' unions have taken their members into the plant, and seem certain to continue to do so. Traloee laggers are said to be doing the job of the 27 original men satisfactorily. What can break the deadlock?

It is unlikely that a meeting today—under the aegis of the TUC and chaired by Mr. Len Murray, its general secretary—will have any success in doing so. Only the GMWU is likely to turn up.

Mr. Baldwin said yesterday he had "called it off." Mr. Basnett retorted that Mr. Baldwin could not call off TUC meetings.

Still, unless the GMWU calls off its pickets (Mr Basnett says they won't), and shows itself willing to discuss a new bonus system (it won't), Mr. Baldwin was convinced that only Mr. Basnett, Mr. Frank Earl, his national officer, and Mr. Murray will be there.

A meeting of GMWU delegates called for tomorrow to discuss Grain will be better attended. There, judging by the mood of the pickets and officials yesterday, the union's militant mood is likely to be underscored.

Two elements suggest some hope, though they lie far in the future.

First, the Central Electricity Generating Board has made it clear both that it will shut down the site is lagging problems recur, and that it does want the site—preferably all five units on it—because it will burn expensive oil more efficiently than its older oil-fired stations.

Mr. Glyn England, CEGB chairman, speaking to the EETPU conference in Eastbourne last week, talked of Grain being a last chance for the British construction industry.

Second, talks between unions and employers on a new national site agreement have been continuing, and according to some participants, are going well.

Mr. Eric Hammond, of the EETPU, talked encouragingly last week of agreement in the latter part of the year, one which would obviate—hopefully—future Grains.

A man will always buy a better tyre if you remind him how much is riding on it.

Mr and Mrs Average, we are told, do not find tyres interesting. They're just bits of black rubber that wrap around car wheels.

Better, therefore, not to trouble people with facts about them. Give the public a gimmick, a bit of a giggle, that's the only way they will notice you.

We wonder whether that thinking has really done our industry and its products much good over the years. Or if, in the end, it has helped the customer to tell good from bad.

As you've seen, we're not advertising the Firestone S-211 for laughs. We believe a car tyre is just about the most serious purchase anyone ever makes.

And to the man or woman who finds that an exaggeration, we would say this.

Name one other thing you buy that you trust with so much – not just now and again, but 365 days a year, in all weathers, all road conditions, often at very high speed.

You can be an excellent driver. Your anticipation can be superb, your reflexes like lightning.

Your steering, suspension and brakes can all work perfectly.

And your tyres can still kill you, and everyone you hold dear.

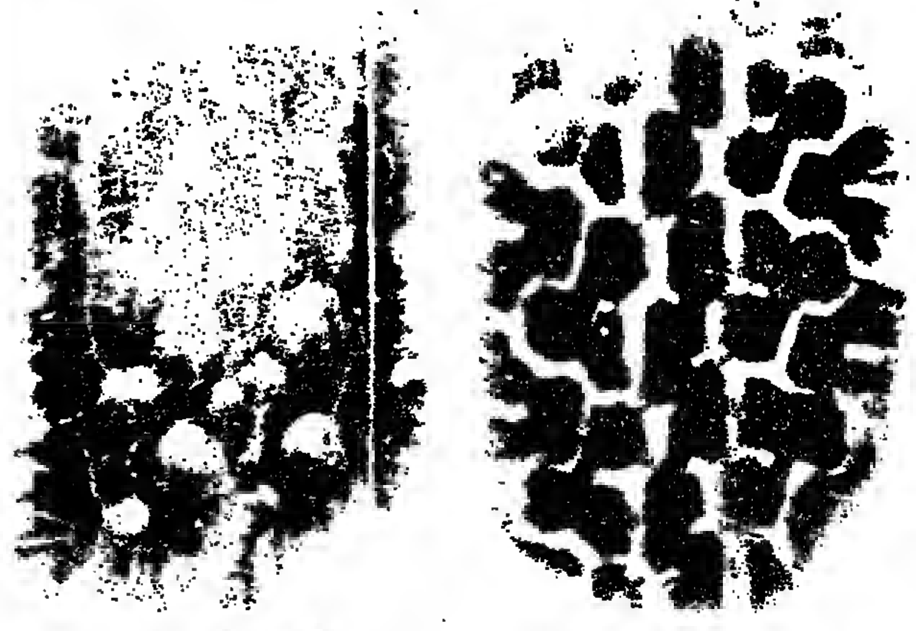
We'd add this. Firestone is the second-largest tyre company in the world. Every year we spend millions on research and development.

If we don't tell people what we're doing, and tell them in a sensible, down-to-earth way, they'll never know what an enormous amount of skill and care goes into a product like the S-211.

And how much more, as a result, it offers.

When we talk to the public in our advertising, we talk seriously, and we talk facts. When our colleagues in the trade talk about the S-211 for us, we like them to do the same.

We tell motorists that the Firestone research and design team were given the toughest brief imaginable – to come up with a tyre that would out-perform the best tyres on the market. The Goodyear



A competitor's footprint at 60mph in 3mm of water.

Our oval footprint at 60mph in 3mm of water.

Grand Prix S. The Michelin XZX. The Pirelli P3. The Dunlop SP4.

We tell them the S-211's straighter sidewalls give them outstanding handling and lighter, more positive steering.

We tell them the S-211 is the safest tyre you can have on a family car in the wet.

We tell them that our own – and independent – tests prove the S-211 not only grips superbly, but goes on gripping when the competition is aquaplaning.

We sell our tyres as if their life depended on it.

Firestone
S-211 Steel Radial

FIRESTONE TYRE & RUBBER CO. LTD., GREAT WEST ROAD, BRENTFORD, MIDDLESEX. TEL: 01-560 4141.

UK NEWS – LABOUR

Agricultural interim claim turned down

By Pauline Clark, Labour Staff

THE Agricultural Wages Board yesterday turned down a claim by farmworkers' union leaders for an interim pay increase after emplnyers leaders condemned the demand as "totally unacceptable."

The claim, for an unspecified increase to compensate for the effects of inflation on a recent national wage increase to Britain's 300,000 farm workers, was presented by Mr. Jack Boddy, general secretary of the National Union of Agricultural and Allied Workers.

The farmworkers received an average 21 per cent pay rise last January. But farmworkers argue that they are particularly hard hit by public spending cuts affecting school meals, school transport and other services.

The move for more money for farmworkers, whose average basic pay went up by £10 to £58 for a 40-hour week this year, was prompted by an interim award of £3.25 a week for Scottish farmworkers from next month.

Mr. Simon Gourlay, chairman of the National Farmers' Union employers' committee, said that farmers "fully shared" their employees worries about the effects of inflation but a further increase on top of last January's award was totally unacceptable.

He said farmers could not afford the rise after two years in which income in cash terms had declined nearly 9 per cent or 29 per cent in real terms.

Post Office engineers reject 'maximum' offer

BY NICK GARNETT, LABOUR STAFF

POST OFFICE engineers have rejected an annual wage offer which the corporation says is the maximnm it is prepared to make.

Officials of the Post Office Engineering Union are now discussing with those of the Society of Post Office Executives what further steps to take in pursuing their claim.

The society, representing supervisors, has rejected the same pay proposals.

Negotiators for the POEU, with 126,000 members, are likely to seek a mandate at the union's annual conference next week to try to continue negotiations.

The Post Office's difficulties have been compounded, however, by the Union of Post Office Workers which is now seeking a pay rise for its 50,000 telecommunications members which is 5 or 6 per cent above the corporation's offer to its engineers.

The Post Office has made two sets of pay proposals to engineers and supervisors in telecommunications. One gives a 15 per cent increase on all rates from July 1, the settlement date, together with a further 2 per cent as continuation of last year's productivity bonus.

The alternative provides for a 14 per cent increase on all rates from July 1, the 2 per cent productivity bonus and a further 3 per cent on all rates from April 1, next year.

The offer in overall terms is similar to that agreed by the UPW for its posts members.

The POEU, however, is seeking a rise of about 23 per cent in line with the expected inflation rate next month, together with a new productivity scheme.

The annual UPW conference last week instructed its negotiators to seek a similar rise for its telecommunications members, who are also due to settle in July.

The Post Office's pay offer is separate to proposals to all its telecommunication unions for a common wage structure.

Leaders of the Post Office group executive of the Society of Civil and Public Servants has agreed specific proposals on this giving increases of up to 25 per cent outside the normal wage settlement for its members.

The UPW conference declined to make any decision for the moment on the issue of common pay bargaining which will now almost certainly go to a special conference.

The POEU has agreed to common pay bargaining in principle but has rejected the specific proposals put to it by management.

Government attitude to TUC endorsed

By Philip Bassett, Labour Staff

THE GOVERNMENT is right to leave the TUC out of decision-making, Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, said last night.

Sir John, a leading TUC moderate, said that leadership was a responsibility the Government could not share or delegate.

The Government should consult the trade unions, but the responsibility of taking decisions should rest with no one other than the elected leadership of the country.

He admitted that few trade union leaders on the TUC General Council were likely to share his views. His statement is likely to increase friction in the General Council over the TUC's role in government.

Speaking on BBC-TV's Platform One programme, Sir John said that he was "not the least bit perturbed" about the present distance in the relationship between the TUC and the Government.

A Conservative Government could not be expected to operate Socialist policies, and while he would like the TUC to be consulted more often, he did not want to share government with the Tories.

He thought the "vast majority" of the TUC's 12½m affiliated members were unhappy and very fearful about the way the country was being run, but he agreed that they were "not fearful enough" to demonstrate in the way suggested in the ideas behind the TUC's recent Day of Action.

On pay he said that he had no strong objections to a new Government wages policy, and denied being out of step with the rest of the TUC General Council in holding that view.

He said that the history of free collective bargaining in this country was not a noble one.

Many of the imbalances and inequalities which existed today were the product of decades of such bargaining "where the strong took what they could get and the weak were just pushed to the wall."

Sir John said thaat there was a greater political maturity than ever before in the AUEW.

MacGregor hints at more steel job losses

By Alan Pike

MR. IAN MacGREGOR, chairman-designate of the British Steel Corporation, yesterday urged employees to face the facts about their industry, as union leaders and Labour MPs attacked suggestions that redundancies might have to be accelerated.

"We are looking for the opportunity for the employment of the maximum number of people. But it would be a cruel hoax to maintain people in jobs that may be destined to disappear because they cannot meet market demands," Mr. MacGregor said during a visit to the Shotton works, North Wales.

Mr. MacGregor said he wanted to inject realism into the industry. Employees had to look at the facts and not at an element of fantasy.

During a visit to the Port Talbot works on Monday, Mr. MacGregor suggested that there might be a need to speed up BSC plans to shed some 50,000 workers. He commented at Shotton yesterday that plans made by BSC a few months ago might not now meet customer requirements.

Mr. MacGregor says no new decisions on cutbacks in BSC will be made until he has completed a fact-finding study but his comments have dismayed union leaders. They had hoped the new chairman would put the closure programme on ice while they had further discussions with him.

Leaders of the Iron and Steel Trades Confederation—the industry's largest union—are preparing an alternative strategy for BSC which they will send to Mr. MacGregor next month. This will argue that there is a case for growth rather than contraction in the corporation based upon a much more aggressive sales and marketing policy.

Mr. MacGregor rejected suggestions that he should have met union leaders before commenting on the future of the industry.

Schools disruption continues

STRIKES by Scottish teachers continued yesterday, with nearly 8,000 staff starting another three-day stoppage.

Worst distruption is expected today when members of the second largest teaching union, the Scottish Secondary Teachers' Association, hold a one-day, all-out strike.

Yesterday, almost 250,000 pupils were being affected for the second week running by action by members of the Educational Institute of Scotland and the National Association of Schoolmasters Union of Women Teachers.

Action is being stepped up this week in the areas where Mr. George Younger, Scottish Secretary, and Mr. Alex Fletcher, Scottish Office Minister for Industry and Education, are MPs—Ayr and Edinburgh North.

The executive of the EIS—the largest teaching union in Scotland—is to hold an emergency meeting today to examine proposals for long-term action.

The strike action, which this week will affect more than 250 schools, comes after teachers rejected a 14 per cent pay offer

Problems in economy 'encourage poor industrial relations climate'

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S POOR economic performance is creating an unfavourable industrial relations climate, Mr. Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service, said yesterday.

Mr. Mortimer, introducing in London the service's fifth annual report, said all the indicators of economic performance were pointing in the wrong direction. "We do not believe this is a favourable environment for industrial relations."

He said: "Many of our industrial relations problems exist, in my view, because of the underlying economic problems of our society."

Industrial relations were strongly influenced by the economic environment. Rising living standards depended on industrial and commercial growth.

"But there is no growth in our economy; instead there is contraction." The present high rate of inflation, rising unemployment and the large balance of payments deficit were three factors helping to create a poor industrial relations climate.

ACAS also pointed to the impact of the return of free collective bargaining on industrial relations. Mr. Andy Kerr, chief conciliation officer, said the movement away from pay policy restraints had contributed to both the incidence and length of recent disputes, including the ITV and engineering strikes last year and the 13-week steel strike this year.

Mr. Kerr, who took a major part in the service's repeated efforts to end the steel strike, said ACAS was surprised at the length of the dispute. A higher pay offer tabled earlier might well have improved the atmosphere markedly, and there were also later differences between the unions involved.

Few ACAS officials are likely to regret the ending of the service's statutory duty to deal with union recognition claims, which will be repealed when the Employment Bill becomes law.

The annual report for 1979 points to "an increasing number of cases in which delay and non-co-operation by one of the parties is effectively preventing the service from carrying out its statutory duties."

About 90 of the 339 recognition cases being dealt with at the end of the period covered by the report fell into this category. In half of these cases ACAS has received "either an outright refusal to co-operate or only partial co-operation, and in the remaining cases has encountered various forms of prevarication or delay."

The report acknowledges that one of the most frequent problems is a lengthy discussion with employers who question the neutrality of the service's proposed recognition questionnaire or its ability to ascertain properly employee's opinions.

ACAS has had four years' experience of the statutory recognition procedures, involving 1,542 recognition references. Settlements of most of the references meant that by the end of 1979 collective bargaining had been extended to cover 62,000 workers as a direct result of the legislation.

Random drink tests urged

ALCOHOL TESTS on motorists should be carried out at random, says the National Council on Alcoholism.

The council, commenting on the Ministry of Transport's consultative document on drinking and driving, said the Government should contemplate random tests as the most effective way of enforcing the drink-driving law.

Strike at Manchester airport

Financial Times Reporter

DELAYS and possible diversions were expected yesterday at Manchester airport after aircraft handlers staged a 24-hour strike.

About 100 people employed by Servisair, including cleaners and the men who tow aircraft across the tarmac, walked out in protest over a pay dispute.

The workers, members of the Transport and General Workers' Union, have rejected a pay offer of 21-23 per cent.

Servisair spokesman Mr. Norman Edwards said yesterday: "We are due to handle 29 aircraft up to midnight, some of which can be handled without assistance.

The company handles about half the aircraft using Ringway. British Airways is the other main handler, but is not affected by the dispute.

● The majority of passengers due to fly out of Luton airport yesterday were again transferred to Stansted because of industrial action by manual workers over pay.

The dispute, which has involved about 300 workers, including baggage handlers and security staff, follows a report by the Clegg comparability commission into municipal airport workers' pay.

The report awarded substantial pay increases but left individual unions and managements to fix the grading of specific jobs into new pay grades specified in the report.

Family Favourite–

Peugeot 504 Family Estate

The Peugeot 504 Family Estate is the favourite for all the family. Because with its *three rows of forward-facing seats* it's the sumptuous solution to your transport problems.

The cloth-upholstered seats are deep and comfortable, because more comfort for the family and their friends means a more relaxed atmosphere for the driver, and a safer journey for everyone.

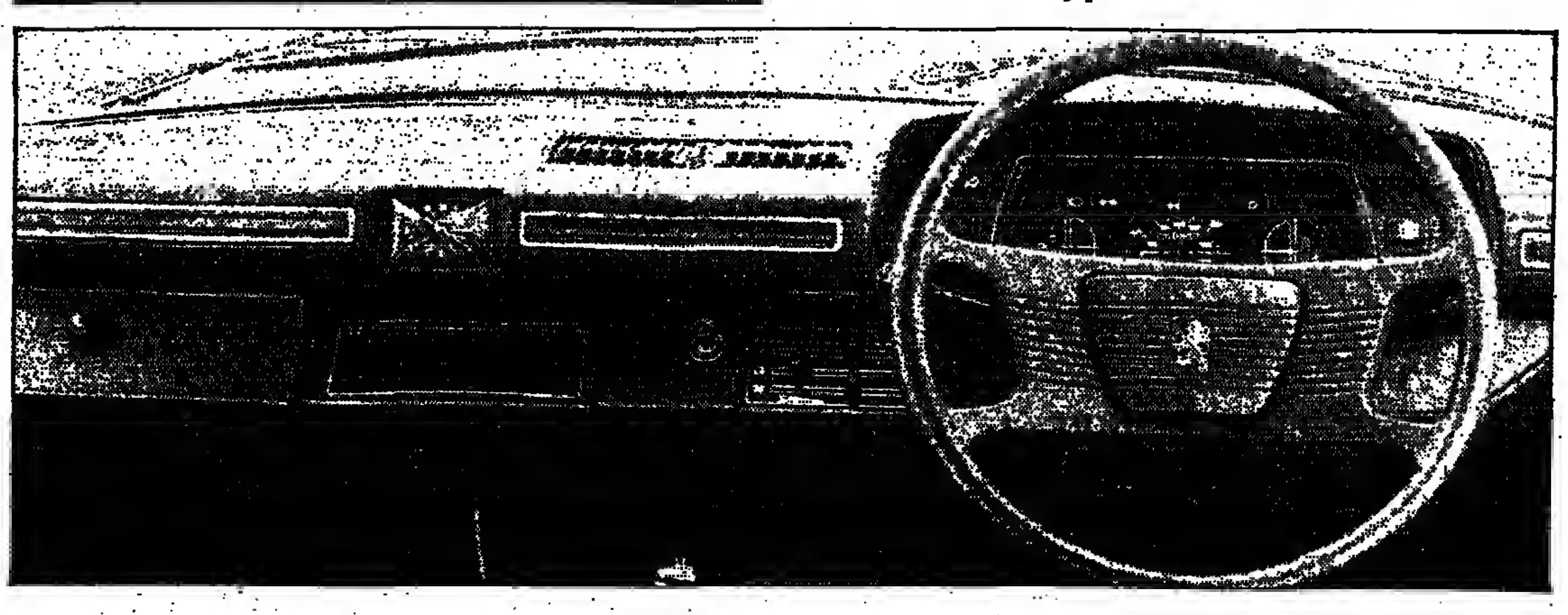
The 504 Family is big, comfortable and simplicity itself to drive, with *power-assisted steering* to make light work of town traffic and parking. The rally-proven 1971 cc engine is as smooth as it is powerful, and gives the Family *a top speed of 101 mph.*

Above all, the 504 Family is a really practical car. The wide-opening doors mean easy access, and childproof locks built into the rear doors mean your children won't get out unless you want them to. And because there's real space in both the rear rows of seats, the Peugeot Family is as popular with your friends and business associates as it is with your family. Even with eight people and their luggage, the 504 Family will still give you a superb ride—thanks to the extra-long wheelbase and the specially developed suspension system.


Three rows of forward facing seats (Front seat head restraints not shown).

If you're towing a boat, caravan or horsebox, the 504 Family has the power to cope with a load of up to 1½ tons (1500 kg). And remember there's also a diesel version, to give you the same passenger comfort advantages and the same Peugeot reliability with extra economy. On the continent, of course, diesel can save you over *40 per cent* of your fuel bills, and that's before you take into account a fuel consumption figure of 37 mpg.*

Instead of making the family fit the car, we've made the car to fit the family. But with all that style and comfort, the 504 is still totally practical. Even with the third row of seats in use, there's still 15 cu ft of space for luggage (with the spare wheel stowed under the boot floor). And when you don't need that third row of seats, fold it down for *34 cubic feet of space.*

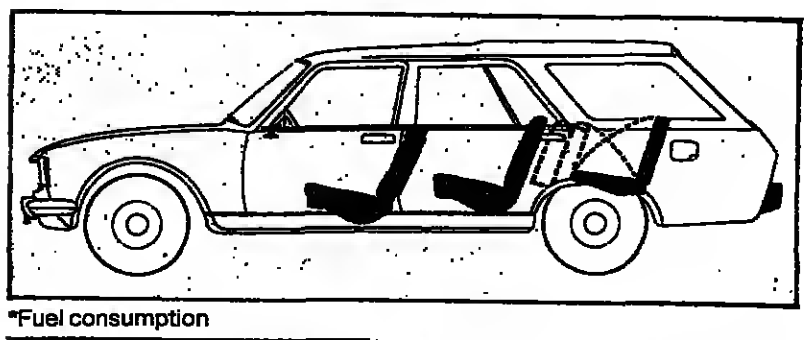


With more than a million cars sold throughout Europe, the Peugeot 504 has been proved to be as rugged as it is elegant. That's because it's been built to last, using the finest materials available. To back this, there's a twelve-month unlimited mileage warranty, which we offer confidently, thanks to our detailed quality control procedures. (One in eight of all factory staff are engaged exclusively on quality control.) Peugeot strength also means main services only once every 10,000 miles**—so your car stays on the road, not in the service bay.

The 504 Estate range also includes other large-capacity hard-working estates, with diesel or petrol power. So if you don't need the sophistication of the Family, you'll still find a 504 to suit you.

But if you do need space, style and comfort to spare, then the 504 Family is the car for you. Why not take the family for a test run today?

**Diesel service intervals: 6000 miles



*Fuel consumption

	at a constant 56 mph (90 km/h)	at a constant 75 mph (120 km/h)	urban driving
Family Estate —manual	35.7 mpg (7.9L/100 km)	26.4 mpg (10.7L/100 km)	21.5 mpg (13.1L/100 km)
—automatic	31.0 mpg (9.1L/100 km)	24.1 mpg (11.7L/100 km)	23.3 mpg (12.1L/100 km)
Family Diesel Estate—manual	37.7 mpg (7.5L/100 km)	27.2 mpg (10.4L/100 km)	30.1 mpg (9.4L/100 km)

Petrol consumption in accordance with official Government test procedure

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PEUGEOT
World famous for strength.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Retards flame spread

FLAME retardant acrylic PVC alloy sheet of high thermoformability, strength aod rigidity is to be offered in Europe by Rhom and Haas under the trade name "Kydex."

More breakage-resistant than conventional thermoformable materials and having superior rigidity when deeply-drawn thin-walled parts are formed, it is being used extensively in seating for aircraft and mass transit vehicles, wall covering and transport linings, electronic equipment bousings, lightweight suit-cases and material bandling and construction equipment enclosures.

Kydex is available as an opaque sheet with one surface pretextured with a hair-cell grain effect. It can be obtained in a wide range of standard colours and thicknesses, in sheet or roll form and is price competively with rigid PVC or flame retardant ABS.

Rohm and Haas, Lennig House, 2 Mason's Avenue, Croydon, Surrey, CR9 3NB. 01-686 8844.

● SAFETY

Wool lessens fire risk

WITH REGARD to current concern with safety regulations for npholstered furniture, the International Wool Secretariat is anxious to inform the public that wool is naturally flame-resistant, and that it is also available to domestic furniture manufacturers.

The fibre is used in all forms of transportation — aircraft, railways— ships—and in public buildings, sbops, botels and offices. In many situations, in fact, where public saftey is of vital importance.

To enable wool to reach the stringtently high standards required, technologists at the IWS's technical centre at Ilkley, bave developed a process called ZIRPRO. This conforms to BS 5852, FAA 25.853 for aircraft furnishings, and the Radiant Panel Test BS 475 Part 1 (Class 1).

The ZIRPRO finish is integrated into the fibre, does not affect its handling and is fast to 50 washes and 50 dry cleans and, because it is used at dye-bath stage, there is very little extra cost.

Although no international regulations exist, wool furnishings treated with "Low Smoke Zirpro" pass two important world-wide tests—Boeing and Airbus Industrie (France) proposed standards for smoke emission and toxicity of combustion products.

A number of major weavers and domestic furniture makers in the UK are making and using the pure new wool upholstery cloth. Their names are available from the IWS at Wool House, Carlton Gardens, London, SW1 (01-930 7300).

● METALWORKING

Aids production of accurate castings

AFTER SEVERAL years' work and step-by-step testing the Sterling Metals division of Birmid Qualcast group bas developed a CO_2 core-making process for volume production of large, accurate castings like cylinder blocks.

The big attraction of the CO_2 process, whicb bas been knowo since the last century, is its cheapness allied to excellent casting finish. But up to now it bas been confined either to small products or to large ones, like lathe beds, with loose tolerances.

The main problem for large castings has been to achieve consistent quality of casting finish by liquid refractory coating of the synthetic green sand mould. This has a very high moisture absorption rate, being sensitive even to a change in bumidity, and it has been extremely difficult to avoid imperfections in the finished casting.

The Sterling Metals solution is to circulate the liquid in a dipping tank so that while solids are kept in suspension, unwanted particles are filtered out. The core is based on a binder of sodium silicate and sand through wbicb CO_2 is blown. Cbemical reaction converts it to sodium carbonate whicb cures in 10-15 secs, appreciably quicker than by the more usual resin mixes.

The next step was to buy or devise equipment for volume output of consistent quality—the iron foundry turns out some 200 tonnes a week of castings, mainly diesel engine blocks. Sterliog settled on a French Osborn core blower, bnt could find nothiog suitable in the way of a rotary table for the core boxes. So it designed and built one itself at a B Q subsidiary, Pneulec. This is an eight-station circular machine which has the useful attribute of indexing past empty stations if only four are being used.

Productivity bas soared to 135 cores per man per shift compared with a previous 70 and there has been a reduction in manning. Some 3,600 cores an eight-hour shift are regularly being produced.

The new process is part of a £1.25m modernisation of the iron foundry whicb by the end of the summer will see six Osoorn-Pneulec machines in operation and a further significant saving in manpower. Birmid Qualcast is now in a position to take orders for the core-making equipment.

Inquiries to Pneulec, Clapgate Lane, Quinton, Birmingbam B32 3EB.

PETER CARTWRIGHT

Longer life saw blades

BECAUSE IT believes there is a growing market for longer life circular saw blades for power tools, Black and Decker introduced earlier this year a conventional steel blade with special tungsten carbide tips.

The special foil backed tips are a result of many years' research by a leading European supplier of tungsten carbide, Cerametal of Luxembourg.

In cutting and wear part applications, tungsten carbide gives greatly extended life, invariably resulting in an overall reduction in cost, says the company. With fine grades and careful machining, the material lends itself to very close tolerance tooling and moving part applications.

● HEATING

Annealing costs cut

ALTHOUGH OIL- and gas-fired brick furnaces bave been commonly used in the annealing of wire, fuels used in them are becoming increasingly expensive and, if energy costs continne to rise, an alternative answer — the electrically-fired low thermal mass furnace — can produce dramatic reductionsi n cost, says Cooperbeat, 164, Lord Street, Southport, Lancs. (0704 33633).

Two electric furnaces, designed, built and commissioned by the company, are already working in the Sheffield area, resulting ina saving (on current energy costs of using oil or gas-fired brick furnaces instead of the LTM furnaces) of about £11 a ton.

The car bottom-type furnaces, wbcib are fited with recirculatory fans, are capable of beating a 20-tonne load alloy steel wire coils to 680 deg. C in four bours; this temperature being maintained for 15 hours — the consumption for the whole cycle being only 3600 kWH. This is evivalent to 180 kWH per ton.

Based on present energy prices this represents full heat treatment of less than £4 per ton (significant saving when compared with the £15 a ton normally incurred where oil/gas-fired brick furnaces would be used).

Since the furnaces are in daily use, it is anticipated that at Kiverton Park Steel and Wire orks, for instance, an annual saving in fuel costs of £60,000 will result.

The company says that in this example, the capital cost of installing the furnaces could be recovered in just over a year.

Wire process industry and post-weld beat treatment areas will, of course, save even more, say the company, if energy costs continue to escalate.

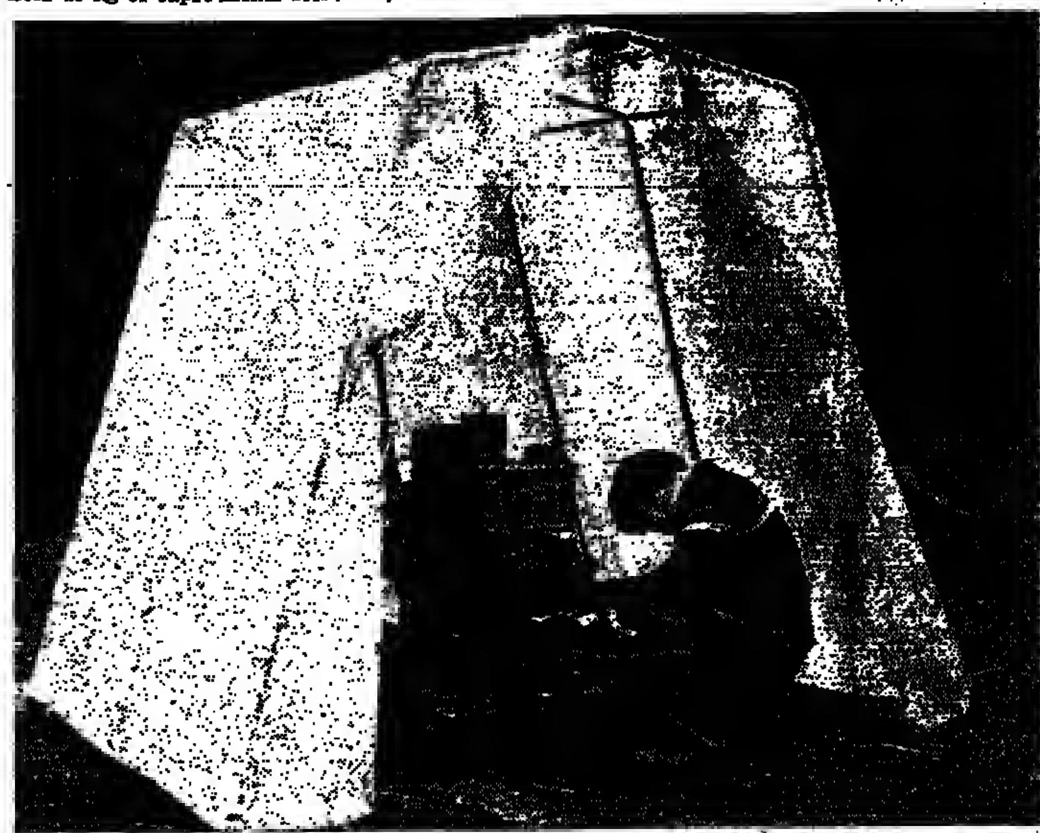
● HANDLING

High-speed counter

METAL DISCS such as coins or blanks with diameters from 15 to 45 mm and thickness from 1.0 to 3.5 mm can be counted at speeds up to 6,000 per minute using the model 606 machine from EVD Engineering, Cotswld Street, London SE27 0DP.

It has a bulk hopper able to hold 40 kg of cupro-nickel coins or equivalent volumes of other items. There follows a bigh-speed feeding unit and an infra-red counting device, adjustment for different sizes being carried out on four bandwbeels. The count appears on a palr of five-digit LED displays, one for each of two independent photocells, which have to agree before the pre-set batch is accepted.

The machine also has dual output chutes so that while the count is under way on one channel, the other can be prepared with a new bag by the operator. Batch sizes can be from 100 to 99,998.



This useful collapsible shelter is being offered to local authorities, building and civil engineering contractors and any company which has an outdoor job which must be done whatever the weather conditions. The cover is made from translucent plastics material and together with the lightweight frame the shelter weighs 84 lbs. It all folds up into an easily transportable package. It is marketed by International Quality Control Laboratories, The Square, Bakewell, Derbyshire (062 981 3447).

● TRANSPORT

Less time waiting for lifts

IN LINE with current developments in micro-technology, lift manufacturer Kone Marryat and Scott, which introduced the first computerised control system for lifts in the UK in 1974, bas made a major move.

Whst is believed to be the first UK gearless group installation using a micro-processor system bas been working successfully since last November in a 15-storey building in the City of London. The three-car group under micro-processor control has answered more than half a million calls with an average passenger waiting time of less than 15 seconds.

The savings of machine-room space make the micro-processor ideal for modernisation of existing lift installations without major rebuilding work. Such a new system is currently being installed in the Thorn headquarters building in St. Martin's Lane, London.

Use of microprocessing affords the facility of matching the lift group performance to the individual building users' requirements — any changes required can readily be incorporated in a matter of minutes.

Multiplexing, the replacement of 100 wires by just two, has already been incorporated in the *City of London installation*, and this facility makes local and remote addressing of the lift equipment a practical proposition — essential if the present trends towards complete building management systems are to be met.

All microprocessor equipment is being manufactured in the Bristol plant of KMS. Last year the company exported 30 per cent of the total UK lift industry exports.

The *company's* UK headquarters are at Wellington Works, Wellington Road South, Hounslow. Telephone 01-570 7799.

● INSTRUMENTS

Versatile electron microscope

GREAT EASE of image manipulation and a wide variety of optional modules are the keynotes of an advanced scanning electron microscope from Philips, the SEM 505, available in the UK from Pye Unicam.

In its "full bouse" form the instrument has two viewing screens and a third unit for pbotographic recording, althougb the microscope is available with one viewing and one pbotographic screen in the basic console.

In conjunction with multi-function detector (MFD) arrangements in the chamber this results in considerable flexibility in regard to what can be put on the screen, and all the viewing can be at TV scanning speeds giving a conventional but high quality television picture. The MFD technique allows images to be generated from transmitted electrons, backscattered electrons or cathodoluminescense and these signals can be electronically mixed on one of the screens, giving what amounts to almost complete flexibility in the way in whicb the specimen is illuminated, particularly in terms of the shadows in the image.

By using the two acreens, or a split image on one, the picture can be viewed at two different magnifications at the same time. With a relatively low magnificatioo on one screen a moveable, variable size electronic viewfinder can be moved to a position of interst and the area it occupies made to fill the whole of the other screen. A continuous range of zoom up to eight times is provided, even at TV rates, and images obtained from two difference detector systems can be simultaneously compared.

In the chamber, up to four interchangeable detector beads are mounted in an array under the final electron lens and (except for cathodoluminescense) use scintillators for conversion to light followed by fibre optical transmission to a pbotomultiplier and thence to signal processing. Each PM tube handles two detector/fibre outputs via an optical switcb. A similar arrangement is installed under the specimen for transmission work.

The modular options for image handling can be literally plugged in to tbe console front panel by virtue of a data bus—and this also means that the modules can be pnt wberever the user desires for ergonomic convenieoce.

Tbe SEM 505 can also accept both an energy dispersive and a wavelength dispersive spectrometer, allowing a variety of elemeotal analysis to be performed. A separate control system will operate the spectrometers in combination and there is a special goniometer stage whicb provides six independent movements, with re-location of any point on the specimen to within two microns.

Pye Unicam is at York Street, Cambridge (0223 358866).

● DATA PROCESSING

Usage study completed

EURODATA '79, the huge study of the usage of data communications in Western Europe, has now been substantially completed at Logica. Draft results and reports bave been delivered to the telecommunications administrations (PTTs) of 17 countries of Western Europe, and are now going through the acceptance procedure. Under a newly signed agreement, the results will also be available commercially once acceptance is completed.

Logica and the Eurodata Foundation have now signed an agreement whicb will make a series of three reports available commercially. The first report will be essentially the same as that now delivered to the PTTs. The other two will involve further analysis of the mass of information gathered for the study to produce reports on the terminal and data communciations equipment markets respectively.

The Eurodata '79 study has already shown that data communications is an even bigger and more rapidly growing business than previously thought.

It found a total of almost 400,000 modems and other data communications connections in Western Europe at the beginning of 1979. These are being used by more than 600,000 terminals.

By 1987 there are expected to be over 1.6m data connections and almost 4m business terminals in Western Europe. The study also foresees another 2.7m TV sets adapted to receive Prestel and other viewdata *services in private homes.*

The study covers the following countries in Western Europe: Austria, Belgium, Denmark, Finland, France, German Federal Republic, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

Logica on 01-637 9111.

● PROCESSING

New mixing machine

SOME OF the latest technological innovations in the field of solids mixing and processing are said to be incorporated in a new mixing machine to be marketed by Babcock Gardner (a subsidiary of Babcock International) of Bristol Road, Gloucester GL1 5RP.

It bas been called the Babcock Gardner "E" Mixer-Processor and is a borizontal batch mixer for powdered and granular materials. Machine capacities are from 0.5 to 10 cubic metres.

The machine can also be used for liquid addition and paste mixing. As a processor, it can beat/cool/dry/coat and physically or chemically treat powdered or granular materials.

The company says the unit can be adopted for low or medium shear rates, particle size reduction and viscous liquid mixing. Options include custom-designed covers for inlets, shaft sealing arrangements, jacketed vessels, together with a choice of construction materials and finisbes.

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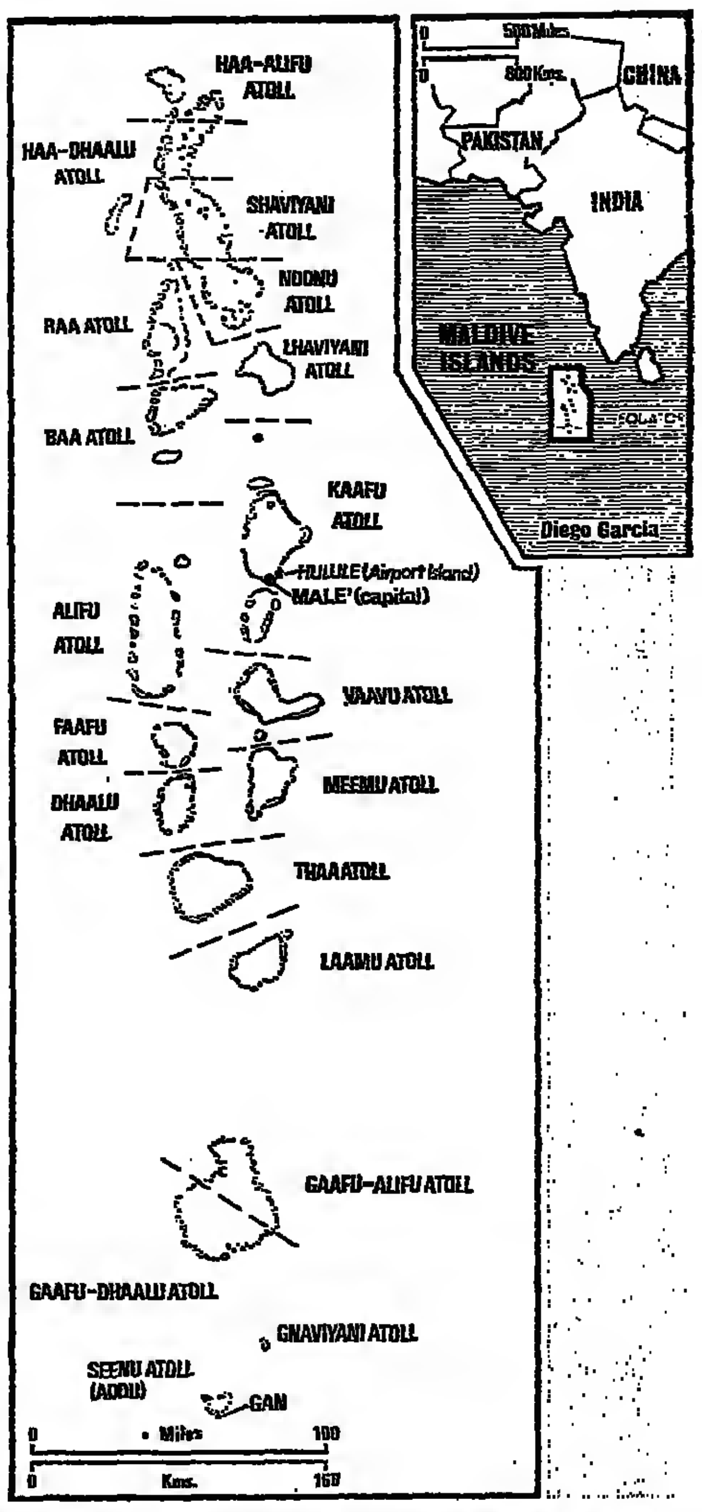
FINANCIAL TIMES SURVEY

Wednesday May 28 1980

REPUBLIC OF MALDIVES

Fourteen years after independence from Britain, this far-flung Indian Ocean archipelago is opening up to the outside world faster than ever before. Although President Gayoom has introduced political liberalisation, the economy is still struggling and the benefits of organised tourism have yet to reach the majority.

BASIC STATISTICS		
Population (1978)		143,000
(Capital 30,000)		
GNP (1978)		US$21m
Per capita		$147
Government revenue (1979)		$3.87m
Government expenditure (1979)		$9.92m
Trade (1978)		
Imports		$13.1m
Exports		$4.1m
Trade with UK	1978	1979
Imports	£30,000	£57,000
Exports	£290,000	£196,000
Currency: Maldivian Rupee		
US$1=Rs3.93 (official transactions)		
US$1=Rs7.50 (banks and shops)		



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A city state in the tropics

By Larry Klinger

THE MALDIVE ISLANDS are like a vast city-state, a tropical Venice that was never rich, with not one lagoon but thousands, and canals whose widths are measured not in feet but miles.

Its politics could be those of Renaissance Italy, where the expected punishment for political crime is banishment to a distant island, and where an elite of families continually strive for power, a struggle that culminated this year in an attempted coup involving the hirin gof a band of foreign mercenaries.

The Republic of Maldives is a 500-mile archipelago of coral atolls in the Indian Ocean southwest of Sri Lanka. It is a nation comprising 41,500 square miles, of which about 98 per cent is sea. Of its 1,200 tiny islands, about 200 are inhabited. The population of less than 150,000 is thus spread very thinly indeed, with the exception of Male', the capital, where about 30,000 live on a single square mile.

It is a country of outstanding beauty, giving credence to virtually every tourist brochure cliche used to describe a tropical island: tall palms arching over blindingly white beaches, clear green lagoons gliding out to the reefs, where the blue of the deeper sea is edged by the foam of broken surf; an underwater world of coral and countless colourful fish.

The Maldives is also a poor country, statistically among the 20 poorest in the world. However, its poverty is mitigated by special circumstances.

It is generally thought that the Maldives were settled about 2,000 years ago by the same Aryan race of northern India which migrated to Sri Lanka. Originally Buddhist, the islands were converted to Islam in the mid-twelfth century. The first recorded sultan dates to 1153, after whom followed a succession of dynasties, and the Portuguese seized the islands fora few years in the 16th century before being driven out again.

Control

The islands became a British protectorate in 1887, an arrangement that culminated with the establishment of the Royal Air Force base on Gan island (although the British never had a presence in Male'). The sultanate remained intact, except for the short-lived First Republic of Amin Didi in 1953 and was finaly abolished only as recently as 1968 with the establishment of the present republic.

The last sultan, Mohamed Farhid Didi, became only a titular ruler while Ibrahim Nasir, his Prime Minister since 1957 and later president, gained increasing control as the architect of the modern Maldives. Nasir retired suddenly in late 1978 after 21 years of rule and was succeeded by the scholarly young Minister of Transport, Maumoon Abdul Gayoom.

Under President Gayoom, a former teacher, the changes have accelerated. His outward-looking policies have resulted in more diplomatic ties, more schooling and a more interested attitude by the Maldives to world affairs.

The late 1970s were a period of expansion and development for the islands. A satellite station to increase links with the outside world opened in May, 1977, and Maldives International Airlines, managed under contract by Indian Airlines, was established later the same year. In 1978 the Maldives were admitted to the World Bank, and TV Maldives began transmissions.

Because the country has remained virtually self-governing throughout its long history, it has retained a stability and cohesion unmarked by colonialism and the post-colonial upheavals that have characterised much of western Asia.

Nor has it ever been dominated by foreign companies, which has led it to seek practical solutions to its particular problems, such as establishing its own shipping line, Maldives Shipping. And its one natural resource of note, the skipjack tuna, is in such abundance that there are no signs of serious malnutrition among the islanders.

However, life can be hard. In the fishing industry (which accounts for nearly a third of gross domestic product and directly employs about 40-50 per cent of the working population), a man starts his day at 3 am and sails before sunrise, returning home on a good day at three or four in the afternoon but more often at about sunset.

For this effort the average crewman will earn less than the equivalent of £100 a year, which will be spent on imported rice and vegetables, improvements to his house (which in its final form will be a simple two-room affair of coral "bricks" with a corrugated-iron roof) cooking utensils, clothes and then some luxuries such as toiletries and toys for his children.

Access

Moreover, this low-income poverty in the atolls is worsened by the lack of social services.

The World Bank reports that all indicators relating to health show a situation much worse than the average for low-income developing countries. Access to safe water and health services is almost non-existent. Electricity is also almost unavailable except on the wealthier Islands.

The situation in the capital is much better and many would say, including the present Government, too much better. For instance, 54 per cent of the people living in Male' have access to safe water, against only 5 per cent in the atolls, and nearly 60 per cent of Male' homes have access to electricity, while the figure for the atolls is less than 3 per cent.

The gulf in wages between city and country is also great. A shop assistant earns the equivalent of US$240 a year plus food allowances. A bank clerk gets a minimum of $640, and a skilled carpenter or mason, because of the boom in resort construction, can command rates that are the equivalent to a $900 annual income.

In the 18 months of President Gayoon's rule, the country's economy has been opened to inspection by the International Monetary Fund and World Bank, and legislation has been drafted t oestablish a national monetary authority and statistics bureau. New investment guidelines are nearing completion that could lead to legislation including the country's first-ever law for private sector banking, and direct taxes (on tourist operations) have been introduced for the first time.

The capital's Hulule Airport, whose international traffic is now restricted to 737 flights from Colombo and southern India, is being expanded to take 707, Airbus and Tristar aircraft, which will open the country to direct flights from Europe, the Middle East and Far East.

Expansion in tourism near the capital is proceeding apace, with proposals being considered for the establishment of a second tourist centre on Gan. The fishing fleet is being rapidly mechanised and cold storage facilities constructed with the eventual aim of lessening foreign involvement in the industry.

The capital still does not have a deepwater port, though there is one in Addu Atoll. Plans are being finalised for the expansion of Male's harbour, with improvements expected to develop inter-island transport, and Maldives Radio is being expanded to ensure reception in the most distant parts of the country.

In foreign affairs, diplomatic effort is being increased to extend contracts with the West. A rapprochement has been struck with Britain, after the two countries fell out over the RAF's premature withdrawal from Gan in 1976, and good relations have been re-established with Sri Lanka, following a long quarrel over fish exports.

Strategic

Gan's strategic value as a base remains but President Gayoom, like Nasir before him, insists that the Maldives will not lease the base to a super power. Instead, efforts are being made to lease the island for private development and its use as an airport with nearby tourist facilities would put back income into a region that felt the draught when the RAF pulled out.

However, all this does not necessarily mean that the Maldives is racing into the modern world. Its progress, in typical Maldivian fashion, is more a measured march. President Gayoom is trying what many have tried before: opening his country to a wider world, taking from it what is considered desirable but in a sense remaining outside that world.

Optimism about changes in the economy

UNTIL RECENTLY the management of the Maldivian economy was like tbe Maldivian diet: almost entirely fish with few complications allowed.

Fishing for the skipjack tuna has been *the* economic activity of the Maldives for many centuries and largely remains so, with an estimated 40-50 per cent of the population directly involved in the industry and with another 20-25 per cent associated with related activities.

And *the management* of the economy was also a rather straight-forward aair: it was tightly run from the top, under tbe rule of the sultans and more recently under the leadership of the republic estsblisbed in 1968.

Decision-making was as highly-centralised as it could possibly be, and planned economic development was almost non-exiatent: the world abroad was virtually ignored except for the dried fish exports to SRI Lanka and the establishment of a state shipping organisation to reduce the cost of essential imports.

Thoughts of future economic bnetfi were confined basically to the desires of the small elite in the capital (tbe creation of tourist resorts in 1972), with little account taken of the possible aspirations of the people in the regions, who comprise about 80 per cent of the population. Now, all that is changing, and swiftly.

Impetus

The transformation began in Novemher 1977, when the Republic of Maldives joined the International Monetary Fund and the World bank, and got its official public impetus in the following November, with the coming to power of the present government.

On the day following his inauguration, President Maumoon Abdul Gayoom announced that a national agency would be established to create a National Plan, the country's first serious attempt at co-ordinated economic development.

Then, in July last year, a World Bank mission visited the Maldives. Its initial, confidential report was completed towards the end of the year, and the revised version* was published last month.

The country's economy is small, in fact it is almost microscopic by world standards. The World Bank estimates the 1978 Gross National Product at \$23m. Average annual income per head was put at \$160 and Department of Finance officials estimate that—even with better fish prices, the recent civil service wage rise, and higher salaries because of the expansion in tourism—it is unlikely to rise above \$200 this year.

However, it is this compactness, the lack of complication, that gives the authorities some justifiable optimism that their development activities will quickly bring results. There are few layers in the Maldivian economy through which to percolate.

For instance, in this tiny economy with its almost 33 per cent import dependency, where consumer goods, particularly foods, are the main ingredient, any improvement in agriculture has an immediate effect. After only a few months of a programme to encourage small-scale chicken farming, the price of eggs (in a market noted primarily for its insatiable demand) actually fell.

But it is equally true that the country's severely limited resources could quickly become strained. The Maldivies bas neither the acumen and expertise of a Singapore nor the petro-chemicsl-based wealth of a Bahrain and therefore will have to continue to rely on external grants and soft loans to finance larger development.

Even small-scale initiatives can be costly. Ministers and other officials, who now make frequent visits to the reglons, are noticing with concern what transport costs are adding to their departmental budgets. And in priority areas sucb as health and education, until Maldivians can be sufficiently trained, costs will be snbstantial as long as the technicians must come from abroad.

Not long ago, when the aspirations of the wider population were largely ignored, the national budget (such as it was) seemed to have remained roughly in balance, with deficits made up by the printing of some extra money. Now, however, the national budget is moving increasingly into deficit, with debt servicing alone predicted to rise from the \$10,000 in 1976 to \$1.8m in 1985.

Approach

The National Planning Agency is hoping to complete its proposals for a national plan (almost certainly to be of three-years' duration) by the end of next year. The agency, which has used its first months in the training of staff under the direction of an aid-assisted adviser seconded from the world banks, now feels competent to approach the Government to determine national priorities and has acheduled for July a national conference of official policy-makers and representatives from the regions and four wards of the capital.

Among the issues high on the agenda will be:

Fisheries: This sector accounts for about a third of the estimated \$24m gross domestic product and almost all of visible export earnings. The aim is to phase out foreign involvement in production (while in the interim providing the foreign companies with operational confidence).

Under a 50-year, \$3.2m International Development Agency loan, the fleet is being rapidly mechanised (engine replacing sail) and five repair and maintenance centres are being built, to add to the existing five.

A new large aid package bas been negotiated and is expected to be announced within a few months' time that would provide for freezer collecting barges and major cold storage facilities. The finance to be made available is expected to be about twice the amount of the IDA loan, and it is hoped that, when the project has been completed, the industry, especially in the south, will be much nearer to being completely in maldivian hands.

Aid is also being actively sought to carry out atock research, not only for tuna bnt for whitefish, where there is thonght to be extra potential.

BANKING: The State Trading Office bas been acting at national accountant and the Department of Finance left to oversee any embryonic monetary policy. Now new legislation is being put before parliament to establish the Maldivies Monetary Authority, which will group together all Céntral Bank activities, including guidance of the private sector.

The commercial banks welcome the move, looking forward to the possibility of Government borrowing through the issue of aecurities and the possibility of official guarantees for certain types of lending in the private sector.

AGRICULTURE: What one Minister described as "the sleeping sector," this long-neglected area of the economy bas been given the highest priority as part of the programme to develop the regions and cut dependence on imports. The Ministry of Agriculture bas initiated planting and cultivation schemes and an extensive series of technical visits to educate the regions to modern methods and the potential benefits of small-scale farming.

Other projects include the distribution of seeds and pest control, especially of crows and rats, the latter of which was responsible for damage to 60 per cent of last year's nut crop. In an aid-assisted scheme started last year, a programme of poisoning has led to a doubling of coconut yield within eight months.

* *The Economy of the Moldives: on introduction. World Bank South Asio Programmes Department report No. 2739-MAL, April 2, 1980.*

Larry Klinger

Closer links with Islamic nations

UNTIL THE establishment of a Maldives tourist industry in 1972, and with it the semblance of a regular air service from Sri Lanka, only the exceedingly sporadic calls of a naval vessel brought a foreign visitor to the capital island of Male.

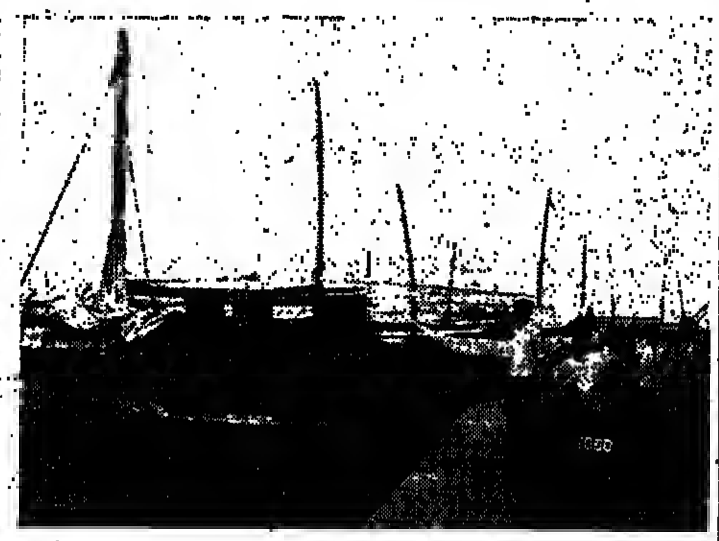
Moreover, until 1978 the country had been under the tight 21-year rule of Mr. Ibrahim Nasir, who, with bis family and other business associates, kept a firm grip on the country's affairs, discouraging outside interest. It is a criticism often heard of the former president that because he lacked the fundamental diplomatic skills, including fluency in a major world language, he was jealous of any Minister's success in foreign diplomacy.

Indeed, one currently bigh-placed official attributes the beginnings of his downfall with Mr. Nasir, and his eventual jailing, to achievement abroad generally and more specifically to a suggestion that strenously applied diplomacy would convince the British to do more to alievate the economic effects of their withdrawal from the Gan air base. Mr. Nasir is said to bave replied: "If the British want to go, let them."

However, it is true that it was under Mr. Nasir that an effort was initiated to establisb closer *links with the Islamic nations* of th eMiddle East and western Asia, and under wbom his country's course was set on a policy of non-alignment with the Super-powers.

The Government, in early 1978, rejected a Soviet offer to lease Gan for \$1m a year (whicb, incidentally, would have covered nearly a third of tbis dependent nation's import hill). By retaining the country's only world-scale political asset, the Government belped to protect its non-alignment: even if no country actually needed the use of Gan, there were those interested in keeping ach other out and therefore willing for tb Maldives to maintain its neutrality.

It is this insular historical hackdrop, which goes back at nearly 2,000 years, that points up so clearly the recent quickening pace in Maldivian affairs: Mr. Nasir's successor, President Maumoon Abdul Gayoom, embarked immediately after coming to power in late 1978 on a new, active, outward-looking foreign policy. Tbe Maldivian rapprocbement with Britain was a good example.



Fishing boats along Male waterfront

Britaio's use of Gan had always been troublesome. Negotiations for the lease were protracted and acrimonious, with each side accusing the other of bad faith. Then, in 1959, an uprising in the south, which by this time was becoming relatively prosperous because of the British presence, left central government convinced that the rebellion was condoned, if not actively supported, by Britain.

When the evacuation by Britain came, in 1976, President Nasir, not forgetting the rebellion, insisted that British aid would be spent at the discretion of central government and not, as Britain wanted, on the south. So, the departure from Gan left bebind more than a usuable airbase; it left a severe crisis of unemployment in the south, and bitterness all round.

Priority

The new Gayoom Government set out to rectify this. Backed by his domestic programme that gave priority to development in the poor regions, which of course by this time once again included the south, Mr. Gayoom also convinced the doubters in the capital that active diplomatic effort woold produce dividends. He was right.

Last year Britain reactivated its aid programme, committing the equivalent of \$3.3m, of which \$1m is expected to be madeavailable in fiscal 1980-81. The money is earmarked for the rejuvenation of the capital'a dangerously decaying electricity distribution system and the improvement and expansion of the main barbour, which, although also in the capital, is a project in keeping with the Government's programme of improving transport to facilitate development in the regions.

The re-entering of Britain on *the good side of the ledger* was considered a particular success because of the Maldive's wider effort to expand fruitful contacts in the Western world. Not only did Britain provide direct financial assistance, it also agreed to present the Maldivian case for food aid to the European Economic Community.

Officials responsible for aid programmes at the Ministry of External Affairs feel that Western countries are willing to provide more help but are unable to understand the Maldives' special problems. "The West is now sympathetic," said an under-secretary, "but slow."

These same officials, however, will admit that the Maldivian case has been hampered by the country's past failure to provide adequate information. Until very recently aid receipts and use were not accounted for by any normal standard, and not long ago few relevant economic statistics were published at all.

That is why much emphasis is being placed on the World Bank report just publisbed and the imminent formation of a national monetary authority and national statistics office.

What some officials feel is most needed at this time is non-specific aid, assistance not *so tied in detail* that it becomes inflexible. "What we sometimes find," said an official, "is that a particular programme may come to a deadend. Then we bave to apply for an alteration in the terms and possibly wait six months before we can change direction."

A report on inter-island transport now before the Government was given as a good example of what this sort of aid can achieve. With West German finance and Asian Development Bank technical assistance, research has shown tbat the country'a chronic transport problem might he greatly reduced with three 400-500 dwt vessela plying between the capital and specific paints in the north and south to distribute imports and collect local produce for Male.

Larry Klinger

Politics testing a non-violent society

USUALLY TRANQUIL, reserved and non-demonstrative, the Maldive Islanders explode periodically — about every seven years or so seems to be recent pattern. People march in the street, dressed in their finest, clean clothes, to demonstrate for or against the government in power, depending on the current tide, and always against a suspected enemy of the country.

Such demonstrations, though superficially giving a carnival appearance, verge on mob action and can be pnshed to violence, as one outside observer remarked, by the slightest whisper of provocation. Politics, a leading Maldivian once noted, is the one sphere in which violence might erupt in this generally non-violent society.

This is the state the Maldives is in right now. Exactly a month ago the people living in the capital Male' erupted again after a lull since 1974.

This time they rose up in response to President Maumoon Abdul Gayoom's announcement in an extraordinary sesaion of the parliament majlis) that details of a coup attempt had been uncovered.

The President declared that a Maldivian, Ahmed Naseem, a former deputy Minister of Fisheries, had allegedly confessed to National Security Service interrogators that he had devised the plot, which included his hiring foreign mercenaries to execute it.

The week before the deputy head of the National Security Service, Mr Ilyas Ihrahim, and the President himself had confirmed that the Maldives Government had been tipped off in late February that such an internationally planned coup attempt was being made. Not until they obtained a confession from Mr Naseem, who is a hrother-in-law of the former President Nasir, were they able to pin it on anyone.

Now there are almost daily demonstrations in favour of the incumbent Pesident Gayoom and against the former President Nasir. People have burnt pictures of Nasir.

Surprise

Mr. Nasir, in an interview with me in Singapore, firmly denied any Involvement in the plot, saying that he had no knowledge of it until it reached the world Press. Both he and his wife, Naseema Mohamed Kaleyfan, the sister of Mr. Naseem, expressed surprise and embarrassment about her brother's reported confession.

But the Maldives government maintains that it has proof otherwise and refuses to accept Mr. Nasir's denial.

On May 16 the President himself led a large, hours-long demonstration against his predecessor. He and other leading orators and opponents of tha former president spoke to crowds of betwen 15,000 and 20,000 and discussed their views of how Nasir came to power and how he allegedly mishandled government funds.

Waiting in prison, presumahly for trials, are a number of friends and the brother of Mr. Naseem. They will he tried according to Muslim Sharia law and probahly banished for seditious acts or statements.

The history of Maldives is full of such witch-hunts and scapegoat-seeking perinds. The alleged crimes have always been that strong opponents were plotting to overthrow the incumbent government. People, members of the elite, are often considered guilty by association with others viewed guilty. That is why often whole families, houses of people, groups of friends, disappear from Maldivian political life for periods of time.

Banisbment from one's own island to another distant island is the chief form of punishment. Because of the extreme distrust and suspicion of the outside world, this punishment is greatly feared. It can be imposed on any offender for any kind of crime. But it is for political crimes, for which a wide variety of acts can qualify and for those relatively few persons who might he found guilty of political wrongdoings, members of the elite, that banishment holds most meaning.

The Maldives elite, which itself is always in flux with different families and houses vying for power, directs and influences all the country's social, cultural, economic, political, religious and commercial affairs and bas since earliest times.

Political opponents face the strong likelihood of banishment from Male' to an outer island, far away from the centre of Maldives political life. This has always happened as it did recently under former President Nasir to his suspected rivals, such as Ahmed Zaki, the current Ambassador to the United Nations, and the incumbent President Gayoom.

Traditionally those viewed as the greatest threat to the ruler have received a punishment worse than banishment to an outer island. They have either been sent into exile, as former President Nasir's uncle was packed off to Colombo where ha still lives after many years, or they fled into exile as the leader of the Suvadiva Rebellion, Afeef Didi, did in 1963 when with British assistance he moved to Seychelles.

Or one might simply go away for a while and and np in real exile as in the case of the former President Nasir, who moved to Singapore to carry on his private business just as the shipping magnate Ali Maniku has also done. And now Nasir has become a hunted man, accused hy his former Cabinet members and advisers of having committed a variety of alleged crimes.

Pardon

Nasir believes as do many others that It would not be safe for him to go home now. Likewise, Nasir's old rival from Addu Atoll, Afeef Didi, never felt safe enongh to return to his native land, even after receiving an official letter of pardon from Nasir, nor even now under a naw president.

While violence is almost non-existent in the Maldives, there is always the underlying, usually unspoken, threat of violent acts, either by the security services holding the arms or by the people themselves. In the 1950s the deposed first president Mohamed Ameen Didi, made the mistake of coming home and was beaten to death. And during the Snvadiva Rebellion in the early 1960s the Maldivian army opened fire against a village.

An intricate system of informers, gossip and accusations, serve as the primary means of socio-political control. The sultans and now presidents have since ancient times installed their informants, usually loyal Male' men, not only throughout the capital hut also in each Maldivian island where they serve as listening posts. Then the real threat of banishment far from family and home to distant, uninhabited islands is the powerholder's strongest weapon.

Along with this threat, but held out with the other hand, is the potential of favours, the rewards of land for building houses and political appointments, for the loyal, unquestioning informants.

People are said to come into favour by what is called vaielhuvun "blowing wind," or flattering. The flatterer blowing wind keeps the ship going. But like the wind blowing the sails, such flatterers can be deceptive, coming and going or changing course without notice.

Elizabeth Colton

Growth of shipping fleet a success story

THE MALDIVES shipping industry is a success story. And it reflects the self-reliance and determination of Maldivian entrepreneurs.

Most people credit the entrepreneur Ali Maniku with founding and developing Maldives Shipping. But he modestly credits others as well: "Maldives shipping was not developed by me personally hut hy a team of dedicated workers. The biggest contribution bas been made by the intelligent and tha hardworking crews of the islands and faith and trust hestowed upon me by the successive administrations of Maldives."

The predecessor to Maldives Sbipping, which is now government-owned, was the Maldivian National Trading Corporation, established in 1948, as a 90 per cent government company which chartered ships from a Ceylonese company to transport essential goods to the Maldives. In 1957, a conple of years after the young Ali Maniku joined the corporation, it bought its first ship, a 1,500-ton steamship that ran the rice-run from Rangoon via Colomho to Male.

Then in 1966 a fortuitous circumstance intervened when the 2,500-ton ship, the City of Victoria, ran aground in the islands. As Maldivians have done throughout history when they have been lucky enough to bave foreign ships wreck on tha treacherous reefs, they took over the vessel; then they took it to Male, registered a salvage claim and patched it up.

This was the first ship of the Maldives Shipping fleet. The former City of Victoria was renamed Difushi Madu after the reef where it was wrecked, and the vessel set sail under the Maldivian flag in 1963.

The small, but steadily growing Maldives Sbipping moved into its new headqnarters in modern offices overlooking Male harbour in October last year. Before that It was run primarily out of Singapore, and also from Bombay.

According to Ahmed Mujthaba, the director in Male, it is now a 100 per cent government-controlled company with an autonomous hoard of directors answerahle to the Maldives president. It continnes to maintain offices in Singapore, London and Bombay.

People used to ask why the Maldivian shipping line was based overseas. And Ali Maniku, now its managing director, would answer that it would be impossible to run such a company without international telecommunications. Until 1977 there was no modern link to the outside world, only a radio-telegraph link to Bomhay and previously to Colombo, and sailing ships and a few aircraft.

But Ali Maniku sought out the British telecommunications company, Cahle and Wireless, and asked if it would be interested in running tha Maldives' international telecommunications system once a satellite earth station was installed in May 1977. Cahle and Wireless agreed to come, hut only if Ali Maniku would agree to move his government company to Male.

Repairs

Maldives Shipping, in less than a year in residence in its new offices, accounts for the hulk of Cahle and Wireless business in the country.

Singapore is still hest for repairs, maintenance and freight insurance according to Ali Maniku hut the Male office will grow hy stages, first handling only accounts, then accounting of crews, then day-to-day operations in consultation. The insurance is still bandled in Bombay.

From its small beginnings the company has gorwn steadily, filling gaps in the shipping business. Maldives Shipping sails to ports in the Indian Ocean with which other companies woo't bother.

The regular trading area for Maldives Sbipping includes Bangkok, Singapore, the Persian Gulf, the Red Sea, the Indian and Sri Lanka coasts and sometimes to Hong Kong and the Mediterranean. Mr. Mujthaba said that with the recent purchase of larger ships, the company would soon be going worldwide. Already it visits ports in South America.

Maldives Shipping now manages 37 ships, ranging from 1,000 to 15,000 tons, of which it owns 32 and has interest in the other five. Total tonnage is 161,297 dwt. Most of the ships are general cargo, but there are two tugs and one small oil tanker.

The company's growth plan is to get rid of the small diesel-hnrning ships, which are uneconomical and buy larger ones. This will increase the total tonnage, while decreasing the actual size of the fleet. Currently It is discarding eight ships and buying four.

Mr. Mujthaha attributes the company's success to the people wbo started it, to the Maldivian crews, and to a policy of non-interference from the governmen. Meanwhile, Ali Maniku predicts that shipping will soon surpass the Maldivan fishing industry as the country's major earner of foreign exchange.

Elizabeth Colton

PROFILE

ALI MANIKU

Shipping Magnate

Reticent entrepreneur

THE MAN pulling many of the strings behind the scenes as the Maldives modernises is tha founder of the Maldivian shipping industry, Ali Umar Maniku. An astute Maldivian observer of his own society recently referred to this leading businessman as the "lifeline of the Maldives."

The original financing of the young republic in the 1960s and the development schemes, including the capital for establishing the Maldivian tourist industry in the past decade, came from Ali Maniku'a business empire, primarily shipping.

Yet his financial control over the country has been maintained from a great distance. Since 1973 he and his wife have lived in Singapore, where be has managed wide-ranging private husiness as well as the small, hut higbly successful Maldives Sbipping.

Although until recently Ali Maniku, now 43, was about the only Maldivian personality known to anyone who had ever heard of the Maldives, he has always avoided puhlicity. Hia interview with me recently, in Singapore, was the first he had ever given any journalist. In his own words: "I am a person who shuns all puhlic and Press limelight, and this has been my way of life from the very beginning."

It was through his husiness contacts that foreign investora were introduced to the Maldives. He is perfectly candid that it was he who started the islands' tourist industry and brought in the commercial fisbing companies to develop Maldivian fisheries.

Cable and Wireless first came to the Maldives to set up the satellite station on Ali Maniku's urging, and the final agreement hetween the Maldivian Government and the British telecommunications company was drawn up with him.

Vital promise

It depended also for Cahle and Wireless on a vital promise made to them hy the Maldivian magnate—that he would establish the Maldivian capital Male as the hase for operations of Maldives Shipping once Cable and Wireless began operating international telecommunications in the country. Cable and Wireless moved into Male ln 1977, and 2½ years later, true to his word, Ali Maniku moved Maldives Shipping to Male.

The shipping magnate'a father also was a leading Maldivian husinessman, a self-made man. Ali Maniku studied in Ceylon as a Maldivian government scholar from 1948 until he left school in 1955 to join the Maldivian National Trading Corporation. The corporation then chartered ships to transport such essential commodities as rice to the Maldive Islands. It was only then that Ali Maniku got interested in shipping—"took a fancy to it"—and from that base developed the Maldives Shipping Company.

In his Singapore office Ali Maniku, portly and greying, sits law behind his desk covered with papers and telepbones. Througbout the interview, officers and secretaries in his firm come in and rattle off whatever pressing business they have at hand.

"Shipping is like a chessboard," he says, "and the player must be flexihle, able to reverse his decisions the next day." And be injects an appropriately Maldivian remark from his maritime world: "There are sharks all around."

He visits the Maldives very seldom. And it is reported that wben he does everyone having any connection with bim waits his arrival with trepidation. Accounts are gone over with great care by the hnsiness managers themselves.

By his own admission and as everyone wbo knows him eays, Ali Maniku is a workaholic. He has worked an average 18-hour day for years. Whoever takes over the helm of the company must know tha whole business, be says firmly.

He wants to retire soon from Maldives Shipping. He would remain in Singapore and continue with his other private businesses.

The trouble is, as he and others interested in the company discuss, there is no one who immediately comes to mind to replace him. The director of Maldives Shipping in Malé, Ahmed Mujthaha, also holds the government post of Director of the Department of Tourism and Foreign Investment and must devote a fair share of his day to that.

In addition to his fortune—he is a dollar millionaire—Ali Maniku has achieved what few member of the Maldivian elite have ever completely managed: he has maintained good relations with each successive government. In fact he has probably been the principal adviser to hoth the former President Nasir and the incumbent President Gayoom.

Until the accession of the widely-travelled Gayoom, few Maldivian leaders had the breadth of knowledge ef the outside world that the shrewd Maniku bad. He was able to offer advice to "fogs in the well" Maldivians at home.

Essential

For President Gayoom, who is an intellectual and not a businessman, Ali Maniku's advice is essential as the new leader directs the country's development. Almost immediately after the inauguration in 1978, Ali Maniku made a trip to Maldives, his first there in two years, to confer with the new president.

Before that, when Nasir was president, Ali Maniku not only ran Maldives Shipping hut also held the portfolio of Shipping Minister from 1977 and had been one of the five Maldivian vice-presidents previously. (He was prohahly the only Vice-President of a country who lived in another country.)

How has he heen ahle to maintain such good relations with different governments and presidents? He is, he says, only a businessman, not interested in politics. But what of the power he has wielded with his business? "Pay talks. Talk less and do more work. I've never wanted position and status.

Elizabeth Colton

Larry Klinger meets the President and puts some searching questions

A traditionalist carrying out reforms

PRESIDENT Maumoon Abdul Gayoom is an innovator, as opposed to a reformer. He is a very religious man, in many ways a traditionalist, believing in the maintenance of established moral and social values.

But, unlike his predecessor, Mr. Ibrabim Nasir, who ruled with an autocratic hand for 21 years, Mr. Gayoom allowa substantial expression of political opposition, travels extensively at bome and abroad, and makes many public appearances. He pursues a domestic policy aimed at economic improvement of the long-neglected regions and a foreign policy aimed at expanding Maldivian contacts.

President Gayoom, 42, took office in November 1978 after a career in government that included office as Minister of Transport and as his country's first permanent representative to the United Nations.

He received a master's degree in Islamic studies from Cairo's al-Azhar University and taught his subject at Ahmadn Bello University in Nigeria.

Earlier this month be granted an exclusive interview in Male' to the Financial Times, in wbicb be spoke about the Maldives' policy of non-alignment.

KLINGER: Mr. President, the general thrust nf Maldivian foreign policy is to expand your contacts, diplomatically, culturally, in trade and aid, while remaining completely "non-aligned." Do yon see this policy continuing to be a successful one, or are there pitfalls?

PRES. GAYOOM: The policy of non-alignment tbat the Maldives is vigorously pursuing ls not only successful but, in my opinion, is the only stand in world affairs that would guarantee our independence and sovereignty in tbe context of the exlsting rivalry between the Superpowers.

We are a small nation and we would not like to be dragged into international conflicts. We would like to bave friendly relations with all the countries of the world irrespective of their political systems. We would like to concentrate on our development but we cannot bope to do this unless we avoid the pitfall of siding with one bloc against the other.

KLINGER: An integral part oi increased world tension is the Superpower rivalry in the Indian Ocean. Your predecessor, President Nasir, rejected a $1m-a-year offer from the Soviet Unon for the use of the Gan airbase. You have continued to rule out Superpower use of Gan though tbe money must be tempting. Will your policy remain the same?

PRES. GAYOOM: First, to keep the record straight, let me point out the fact that it was not former President Ibrahim Nasir himself who bad rejected the Soviet offer. Tbe matter was referred to the Cabinet. This was one of the rare instances in whicb be had consulted the Cabinet on any important issue. It was the decision of the Cabinet not to allow the Russians to use Gan.

As I have already said, strict non-alignment is essential for our independence and development. Therefore, we will never allow any big powers to use Gan or any part of our conntry. Our independence and well-being are more important to us than any amount of money.

KLINGER: Your country recently concluded a cultural and educational assistance agreement with the Soviet Union. People from outside the Republic of Maldives have noted that such arrangements bave been a prelude, although not necessarily a cause, of greater Soviet involvement in some countries. Do you foresee any problems in this case?

PRES. GAYOOM: The recent cultural and scientific agreement signed between us and the Soviet Union is merely a formalisation of the co-operation that already existed between our two countries. This agreement does not bave any political significance. In fact, many countries of the region do bave this type of agreement with the Soviet Union. Therefore, I don't foresee any problems in this regard.

> **'Strict non-alignment is essential for our independence. We would like friendly relations with all countries.'**

KLINGER: The Republic of Maldives bas strong connections with Libya and sends people there for *training*. Libya is very mncb a revolutionary country. Do you bave misgivings about the possible effect on Maldivian society?

PRES. GAYOOM: I do not. In fact, Libya is taking a very constructive approach towards our economic and social development. The Libyan leadership is endeavouring to provide assistance to us in the areas of our own choice. They bave never tried to tell us what

So, there is nothing to canse us any concern about any undesirable Libyan influence. On the contrary, I think that there is scope for us to learn from the Libyan people's achievements in various fields.

KLINGER: Your policy of giving priority to the development of the regions in addition to the capital has undoubtedly been a success, and your popularity is obvleusly great.

However, what political criticism of you I bave heard comes from, first, Influential older people who would like society to adhere to Islam in a much more strict sense, and, on the other baod, from some of the younger, well-educated middle-class who say society has not been liberalised enough. This seems difficult to resolve in single policies. How do you do it?

PRES. GAYOOM: Social change is of necessity a gradual process. We have been subjected to a very strict form of autocratic rule for a very long time. So, it is not an easy matter for us to rid ourselves of certain inherited ideas and attitudes.

I'm trying vigorously to liberalise our political and social systems. Many things have already been achieved during tbe sbort period of 18 months. But I find that because relatively few people have had the benefit of a good education and have bad any contact with the outside world and the ideas of democracy and social liberty, many Maldivians are not yet ready to accept liberalisation beyond a certain degree.

It is a tragedy for one to be ahead of his times—especially if you happen to be the leader of a nation—as we have seen in the case of the late Amin Didi, tbe president of our first repnblic. He was a man of vision and courage. But bis tragedy was tbat he tried to do everything too fast and too soon. One has to learn from history, particularly the history that you yourself have lived.

Another difficulty is that many people misunderstand Islam and what it stands for. They tend to give more importance to the form than the content. They forget the beauty and truth of its values—tolerance, compassion and buman brotherhood.

The attractiveness of Islam, to my mind at least, is its pragmatism and adaptability to different places and conditions. Had it not been for thls resilient characteristic, Islam would not have survived 14 centuries in all sorts of political and cultural climates.

It has not only survived but ls gaining ground every day. You can't possibly imagine two political systems that are so much at variance as those prevailing in Saudi Arabia and Libya, but the fact is that Islam remains the central theme of government in both countries.

I'm sure that with better education and more maturity whicb would make us less dogmatic and more adaptable to change, we can adopt a balanced outlook that would satisfy the demands of progress and preserve real values of our Islamic culture at the same time.

KLINGER: You have spelt out to parliament the details of a plot in February to assassinate yourself and other senior members of the Government. Do you feel a continuing threat, and, *if so*, what *precautions have* you taken?

PRES. GAYOOM: Investigations are taking place both in Male' and in Colombo. Before these investigations are completed and we know all the people involved both in this country and abroad, it will be bard to say whether such a threat still exists or not.

The plotters' plan to use international mercenarics makes the scheme twice as dangerous. But there are many precautions that could be taken to thwart any future attempt, including a further tightening of security measures.

This is a legally-constituted Government working to develop the *country*. There is no autocratic rule now and no discrimination. The people of the country recognise this fact and fully appreciate what the Government has done for them during the 18 months that I have been in office.

Therefore, it was no surprise for me when the whole country condemned the attempted coup and expressed their full support for me personnaly and for the Government. The people are 100 per cent behind me. I think this ls the best *guarantee that no coup attempt* against the present administration will succeed.

> **'We are seeking aid that contribute to our development with no strings attached.'**

Maumoon Gayoom: innovator

KLINGER: The Republic of Maldives bas developed a sophisticated tourist industry. You have managed this without greatly disrupting Maldivian society. Being a nation of islands belps. However, with the increasing success of this Industry there inevitably will be a fast-growing influx of foreigners. Does this worry you?

PRES. GAYOOM: It does not. For a country like ours with such limited resources, it is essential that we utilise all our economic potential to the full. So we have to live with tourism.

There are, of course, changes that will come with tourism and with the influx of foreigners to the country. Despite certain undesirable effects that tourism may have already caused, I belleve that our gains from this Industry considerably outweigh them.

KLINGER: Your country is seeking greater foreign investment and aid. Here, again, you are working towards expansion without undesirable effects on the Maldivian way of life. What sort of investment and aid are you seeking?

PRES. GAYOOM: I am very pleased that I have been very successful in getting foreign aid for our various development programmes. We are seeking aid that would contribute to our social and economic development with no strings attached. More aid is still reqnired in areas such as fisberies, inter-atoll transport, health, communications and education.

As far as foreign investment is concerned, the Government is giving a lot of Incentives to encourage foreign investors to come in. They are exempted from import and other taxes up to 10 years and they are allowed to repatriate their profits. We should like to invite reliable foreign parties to invest in any feasible undertaking that would contribute to the growth of our economy and provide job opportunities for Maldivians.

Holiday paradise in the sun

THE COUNTRY'S tourist industry began only in the early 1970s when a coupla of dozen Italian tourists came off the beaten track for a stay in Male, the urban capital island. The idea was thus implanted, and in 1972, a semi-government agency was established to finanee and build resorts, the first of which offered 122 beds and drew 919 visitors in its first season.

Since then the number of resorts has grown to 27, available beds to 1,742 and registered guests to 33,140 in 1979, representing an average annual growth rate (excluding the big leap in the second year to 3,789) of 46 per cent. There are now a further 14 resorts under construction, and the Department of Tourism and Foreign Investment is forecasting more than 40,000 paying guests this year. "A very safe prediction," one official said.

These figures are remarkable when put alongside the facts of Maldivian life: a sbortage of finance, natural resources and expertise. The Maldivians started their tourist industry from scratch and made it a success without even an external promotion campaign—something the national budget could not afford.

What this attests to is tha ironical situation in which the very lack of economic blessing has provided exactly what the winter-weary tourist yearns for: bundreds of islands—uninhabited because there is no easily-tapped fresh water supply—with dazzling white beaches, arching coconut palms and flowering trees and shrubs. All in a climate that bakes year-round in the tropical sun, even during the rainy seasons.

Equipment

Most holldays in the Maldives are arranged by Italian, French German, Scandinavian and Swiss tour operators.

Costs vary according to what is offered by the resort, but the average 10-day holiday (assuming a return air ticket at group rates) would come to about $1,000 per person, excluding three main extras: boat travel, hire of marine sports equipment, and drinks.

Most resorts charge between $25 and $36 a day for room with full board. However, this can drop to as low as $15 at the more primitive resort during the off-season (April to July) and rise to $50 for high-season aceommodation (November to January) inclusive of use of sports equipment. Rates also are subject to change because they are under constant pressure from the rising costs of imports, especially fuel.

A warning though for the visitor: wbile the resorts provide the epitome in "desert-island" holidays, simplicity ls the keynote. There is little in the way of live music, discotheques, sophisticated cruises and other diversions. A tourlsm official said simply: "People come here for three reasons—the sun, marlne life or both.

But the development of the tourist industry in the Maldives is not without its problems, the thorniest of which remains finance.

Bank lending for the resorts' construction and operating costs bas been restricted by "the fear of nationalisation." All land, with a very few minor exceptions, belongs to the state, and is provided to developers on renewable leases of usually five years.

Current law allows for possible government acquisition with two years' notice and certain takeover is development involves illegal use of funds—wbich happened early last year.

A banker said: "The (four) resorts weren't appropriated, or nationalised. It was somewbere in between." The bankers involved were awarded compensation, "but it took a very long time, many months."

Now the banks are considering *reopening lending facilities* and have several proposals before them. The Government also can provide funds, usually reserved for rescue operations, but at the moment bave no requests.

Larry Klinger

HULULE AIRPORT ARRIVALS

1972	919
1973	3,780
1974	7,580
1975	8,004
1976	12,477
1977	18,668
1978	29,269
1979	33,140

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Norcros bids for a less frenetic life

BY JOHN MAKINSON

THE SIXTH floor o fan unprepossessing office block near Reeding station, in Berkshire, is an unlikely beadquarters for an industrial group with annual sales approaching £300m.

The officas house only about 60 people, of whom around half are secretarial staff, and the small scale of the operation illustrates the management apropach of the company—Norcros Limited.

For Norcros, it is a new approach, designed to enable top management to spend more time on charting broad strategy and acquisitions while keeping a finger on the pulse of the group. And the strategy, which is aimed at promoting rapid growth, Is itself a fairly recent innovation that represents a reversal of the previous approacb.

Norcros comprises a bewildering menagerie of 36 individual companies, grouped into four broad areas of activity: construction, consumer products, print and packaging, and engineering.

Even within these categories, there is a bigh degree of diversification. The engineering operation, for example, encompasses 10 companies ranging from a manufacturer of giant cranes to a producer of air-conditioning equipment.

The principle of diversity is extended to the geographical spread of the gronp. Norcros owns a surprisingly profitable bulk carrier company in Canada, a manufacturer of wood-wool slabs in Singapore and 10 other subsidiaries dotted around the globe.

This medley of operations is largely the result of a strategy developed in the early years of

Mr. W. K. Roberts, managing director of Norcros. He must co-ordinate the group's 36 individual companies operating in diverse fields across the globe.

Norcros. The group owes its name to two villages near Scunthorpe, Normanby and Croaby. The area was the home of the Sheffield family, which founded what was then called the Norcros "club" and which is still represented on the Board througb John Sheffield, the group's non-executive chairman.

The family's idea was to buy out private companies, leaving the owners in charge but relieving them of substantial tax burdnes.

Norcros weot pnblic in 1956, a few months after the "club" was founded and continued for 10 years in much the same style. By 1966, bowever, Norcros bad become aware of the penalties of trying to manage such a diffuse organisation and it completely changed its strategy, calling a halt to diversification and rationalising its activities into the present four divisions.

The period of consolidation ended in dramatic style in 1974, when the size of the company daa doubled by the £12m purcbase of Crittal-Hope Engineering from the erstwhile Slater Walker group. Last year, Norcros executed a similarly impressive feat of digestion by acquiring H and R Johnson-Richards Tiles for £34m.

The two purchases demonstrated the complete reversal of strategy at Norcross, with the second one in particular completing the process. According to Ken Roberts, the managing director of Norcros, the assanlt on Johnson-Richards was the first time that the company had identified and pursued its quarry. Uotil then, acquisitions bad cropped up as mucb by accident as by design.

Another major difference was that both these companies operated in areas where Norcros had existing strengths. By coincidence, they were also companles with dominant market positions, both in the UK and abroad.

Crittall claims to be the largest manufacturer of steel and aluminium windows in Europe. It dominates the market for curtain walling (in which windows cover an entire wall or even a building) and is well placed to meet the growing demand for double glazing. The company also makes replacement windows for bomes and greenhouses.

Johnsoo Tiles claims to be tbe largest producer of domestic ceramic tiles in the world and has tbe lion's share of the UK market. It has been able to cash in successfully on the do-it-yourself boom.

Both acquisitions fulfill Mr. Roberts' goal of becoming a significant supplier to the building and construction industries, areas in which Norcros has long maintained a presence. With tbe exception of the printing and packaging division, which forms a fairly coherent unit, almost all the group's activities are geared to these two sectors.

Goal

Finally, both acquisitions had a strong presence overseas and served another Norcros goal of *spreading risk* by deriving at least 25 per cent of earnings from outside the UK. Partly because of dull domestic markets, this target will have been achieved with ease in the year to March 1980.

The effect of the two major purchases has been to lift Norcros earnings off periodic plateaux. If the Johnson-Richards acquisition is included for the whole of 1978/79, on a pro-forma basis, pre-tax profits amount to £20.1m, whicb compares with £14.5m the previous year. On the same basis, sales increased to £275m from £180m.

Mr. Roberts accepts that this uneven earnings pattern is not entirely desirable and is continually seeking ways to even out the growtb. To produce steadier profits growth at least in lioe with inflation, he prnposes to contioue with a policy of buying occassionally but in the grand manner, making use of the management's experience in developing acquisitions. "Ideally, we would add ooe third to our size every few years," he says. Small purchases are too much of a drain on management time, Mr. Roberts believes.

Tbe plethora of different companies has itself been an enormous burden on management resources. Even before the latest acquisition, Mr. Roberts and the Norcros finance director, Mr. Terry Simpson, were "running around like bluebottles trying to take care of it all."

The group has a well-tried policy of recruiting business school graduates and easing them gradually into main-line maoagement after an often brief spell at head office. Wherever possible, senior appointments are made from within the group.

Even so, the Norcros Limited Board was until recently finding it difficult to look after so many subsidiaries and decided to introduce an entirely new management structure. A new company has receotly been created, called Norcros Industry, to which the shares of all group trading companies have been transferred.

A wholly owned subsidiary of Norcros Limited, the new company is responsible for all aspects of group operational management. The Board of the new company includes Mr. Roberts, wbo acts as chairman and managing director, Mr. Simpson and Robert Gee, the group secretary. In addition, there are seven divisiooal managers, representing both UK and overseas operations, each of whom has had experleoce of runniog a Norcros subsidiary.

This 10-man Board makes recommendations to tbe parent Board on any matter relating to profitability and future growth. The Norcros Limited directors take decisions on overall strategy and approve budgets.

The two-tier structure allows the parent to exercise final rootrol over the subsidiaries while granting the individual managements considerable latitude. For example, all marketing, research and development, and distribution functions are carried out by the separate divisions.

Mr. Roberts welcomes the fact that each subsidiary has its separate identity and indeed many of them are better known througb their brand names than Norcros itself. "Motivation" is a word much in use at Norcros and Mr. Roberts believes that managers can be motivated only by allowing them to formulate their own policy.

The two-tier board structure ia also a motivator, however, since divisional directors become aware of their collective responsibility to the Norcros board.

The Norcros Industry meetings also keep parent board directors in touch with all operating companics. There had previously been a tendency, Mr. Roberts believes, for group managers to spend their time on problem companies at the expense of other operations.

Closure

One notable recent problem is Hygena, the kitchen furniture producer. It has seen its market share drop from 20 per cent to 6 per cent over recent years. The company was producing too many separate raoges and misjudged the pattern of demand. Now, a factory closure later, and witb a smaller, integrated range, Mr. Roberts believes that the company is back oo the rigbt track.

Mr. Roberts' view that "power is with the subsidiaries and transmitted to Norcros—not the other way around" is illustrated by the group's treatment of its two recent acquisitions.

Both companies were being run from group headquarters on a day-to-day basis, which Mr. Roberts believed made managemeot unweildy and inflexible. Crittall Hope now comprises eight units with an aggregale turnover of £65m. The "small is profitable" idea extends throughout the group.

The multiplicity of small, almost autonomous units within Norcros makes the identity of the group hard to grasp and it may have suffered on the stock market as a result. While stopping short of any wholesale de-merger, Mr. Roberts does not rule out the possibility of floating off minority stakes in recognisable divisions, in order to raise funds for capital investment.

The diversity of the group does have its advantages, even though there is no obrious counter-cyclical balance between the divisions. Temporary problems, such as Hygena, can be supported by the remaining operations and experience learned in one subsidiary can often be applied to a different product area.

Norcros now looks a much more logical company than it did 14 years ago, when the strategy of the group underwent an uphearal. Mr. Roberts helieres that, with Johnson Tiles uoder its belt and a new management structure in place, the company is "set fair for a surge forward."

The problem, however, is to ensure that the periodic surges created by acquisitions are backed by consistent organic growth.

Production of pre-cast and pre-stressed concrete beams at Dow-Mac Concrete, part of the Norcros group.

Management Abstracts

These summories ore condensed from the journols of obstracts published by Anbor Monagement Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley HA9 8DJ.

Managing Stress Means Managing Time. R. S. Schuler in Personnel Journal (USA), Dec. 79: p. 851 (4 pages, table).

Asserts that levels of executive strain can be analysed and attenueted by clearer definition of goals and better use of management time to meet these goals; looks at the nature of stress and how it can give rise to unwelcome psychological and pbysiological responses.

Zero-Base Bndgeting at its Best. J. E. Connell and others in Management Focus (USA), Nov/Dec. '79: p. 26 (8 pages, illus.).

Tells why the Alcan Aluminnm Corporation decided to move to zero-base budgeting to help keep research, administration and sales costs under control; gives an account of bow it operates, and of bow it will be used in modified form after the first year.

Leasing: the Cash Flow Myth. G. Hubbard in Management Accounting (UK), Feb. 80: p. 24 (3 pages, tables).

Argues that the claim that leasing conserves cash flow stems from an incorrect comparison with alternatives; sets out to demonstrate that there is no cash flow advantage in favour of leasing if it is compared with a loan of equivalent interest rost and a comparable repayment schedule.

If it's Right for You, it's Wrong for Employees. C. L. Hughes in The Personnel Administrator (USA), Dec. 79: p. 39 (5½ pages).

Contends that many personnel policies and practices are created and designed to meet the needs and values of personnel managers rather than those of employees; discusses the importance of recognising that different employee groups have different value systems, attitudes to work, and communication needs. Outlines the implications of this recognition for policy design and stresses the need for flexibility—particularly in communicating the content of personnel programmes to the workforce.

Management Review (USA), Autumn 79; p. 53 (5 pages, tables)

Examines negative steretypes that managers bold about each other in terms of time-pressure, responsibility and the demands of society and the consumer; argues that such disparaging perceptions are obstacles to co-operation and suggests how the barriers can be removed.

An Application of Venture Analysis. R. A. King and J. G. Stover in Sloane Management Review (USA), Autumn 79; p. 35 (10 pages, tables)

Describes the objectives and methodology of venture analysis to assess the benefits to the private sector of innovation investment and to the public sector in terms of a larger social good; illustrates its use in an integrated private/public utility venture to produce electricity and hot water for residential, commercial and industrial application.

LOMBARD

Curiouser and curiouser

BY KENNETH MARSTON

THERE ARE some strange thiogs going on. This time a year ago those who were looking for a way of protecting tho value of their savings from the ravages of inflation and, at the same time, of making a profitable investment found at least one way out.

They bought gold at around $270 per ounce and — hey prosto! — tbe price reached a peak of $850 in January of this year and after boiling over is now still around a respectable $500.

But whereas a year ago there was a general consensus of opinion that the price of gold seemed likely to rise, people are now not too sure about its near term course, at least. However, they do feel that with world recession beginning to hite, prices of the othor metals and of shares in tbe companies that produce and use thom could lose ground for a while.

Reasonable

In thoir latest review of tho big Rio Tinto-Zinc international mining and industrial group, stockjobbers Paomure Gordon say: "For the moment we believe the mining sector is best avoided especially in tho light of slackening metal demand by the summer. Despite RTZ's obvious longer term attractions, more active funds should consider reducing holdings on short-term strength."

On the face of it, a reasonable conclusioo. But with inflation galloping aloog at over 20 per cent the "more active funds," not to mentioo ordinary folk like you and me, who cash in their shares, will still see the value of the resulting paper money depreciate despite high interest rates. Curiously, it seems to be a case of heads you lose, tails you don't win.

Another curiosity arising out of this combination of ioflation and recession is that if prices of leading mining shares do lose ground over the coming months they will be doing so at a time when inflation is driving still higher the value of their paid-for assets.

RTZ, for example, is valued at some £900m in terms of its current share price, whereas the group's successful Bougainville copper-gold mine alone would cost upwards of £500m to develop if work on it started today.

If you were to set a value on the group's many other income-producing assets it would be several times the current market capitalisation. The same is true of other leading mining companies.

Woll, you may say that there is nothing new about shares standing at a discount to asset values, even though the discounts are probably now larger than is normal. You may argue, with justification, that it is earnings that count.

If RTZ were to reduce its dividend (and this is unlikely) the high value of the group's underlying assets would cut little ice in a frigid share-market.

But there is more to it than that. For a start, mining companies have first to find their mineral deposits, then to finance them and finally to bring thom to production. None of those tasks is easy.

This supply-demand picture can mean only sharply higher metal prices in tho future and, indeed, these will bo required to justify the development of the next generation of high capital cost minos.

For the long torm, therefore, good-class natural resource stocks remain a sound investment. For the noar term . . . well, it is rather like a Dutch auction where the crowd is offered a transistor radio for £30 but knows very well that the asking price will gradually be lowered until somebody accepts. And lurking in the background is a pick-pocket called inflation.

Better bet

There is a simpler approach to the problem which will probably be adopted by those of us who are unskilled in the necessary arts and who have other things to think about. It is called the philosophicaldo-nothing-and-sleep-at-nights ploy. It carries no health warning.

Followers merely bave to remember that if a good-class security was originally acquired for the long-term view and if that view has not changed, a temporary "book-loss" doesn't really make much difference. Assets io the form of readily available metal in the ground still look to be a bettor bet in the long run than paper money in the bank.

The Englishness of Chelsea

GARDENS TODAY

BY ROBIN LANE FOX

LOOKING BACK on Chelsea Flower Show, I begin by wondoring if any gardenor actually missed it. This time last woek, I was wedged in one of those crowds which make you wonder where the recesoion was ever draamod up. They were queueing for tulips at £3 for 10 bulbs.

My path was blocked by a family who were choosing their second gardeo tractor: they wanted it for slopes which the first one mowed too closely. Book sales were booming and £20 was buying a few named delphiniums whose spikes, to my eye, were rather less dense in this dry weather than on any prevlous show.

There were the usual fine bowls of border poppies, an oppulent line in lilacs and more of the orange-red lily Enchantment than I ever recall in one tent before. The colour-planning and the range of the stands in the Main Tent, struck me as higher than ever. This British style is so much subtler and more varied than the overpowering banks of this or that single plant or family which dominate the great European ahowa.

I felt sorry for the foroign exhibitors who tried to endear us to South Africa or the Dutch way of doing things by exhibits which were trumped on all sides by the British senso of nature and straight horticultural style.

The design of tho year was undoubtedly Regents Park's. There had been many attemps to combino water with a natural or romantic planting on a stand in the big marquee, but Regents Park had hit it right for the first time ever, effacing those memories of excessive weirs and rock-pools which stretch back through shows of the 1970s.

They confined their schems to a winding strip of water underneath an arched stone bridge, apparently of flat coping stones, which supported mown turf and housed a suitable range of hardy succulent plants. Yellow flag irises and clumps of their variegated form were set in and beside the water, among a well-matched series of hostas and plants for damp conditions, not least two clumps of the lovely Venus Fishing Rod. This plant, I think, has not turned up at Chelsea before, and although you had to be a gardeoer to spot it, I must pay tribute to the skill which advanced its flowering ooason from July to May and porsuaded full-grown clumps to move happily into London SW3 when my own attempts to transplant anythiog larger than seedlings run aground on the unusually fragile roots.

There were good things all around it, but the best were the sympathotically matched azaleas, ranged in the paler colours of white, yellow and rose with a few orange reds from the *geums* and a fine azalea Golden Sunset. Other exhibitors still spoil their natural gardens by too many touches of heavy-flowered rhododendrons like Sappho. Regents Park restricted the rhododendrons to the lovely pink Winsome and instead, gave thought to the gradations of colour so that the whole scheme seemed exceptionally in keeping with water, stone and simple turf.

If you are cross at your rates bills north of the Park, remember what pleasure a small part of your local government gave us all last week.

Reflecting the calm spring weather, the tulips were quite outstanding, in the best tulip seasoo in living momory. It has been the perfect May for the most heavily-bred varieties which Chelsea shows us, as there has been almost nono of the rain which otherwise knocks tho larger heads of flowers off tho necks of their stoms.

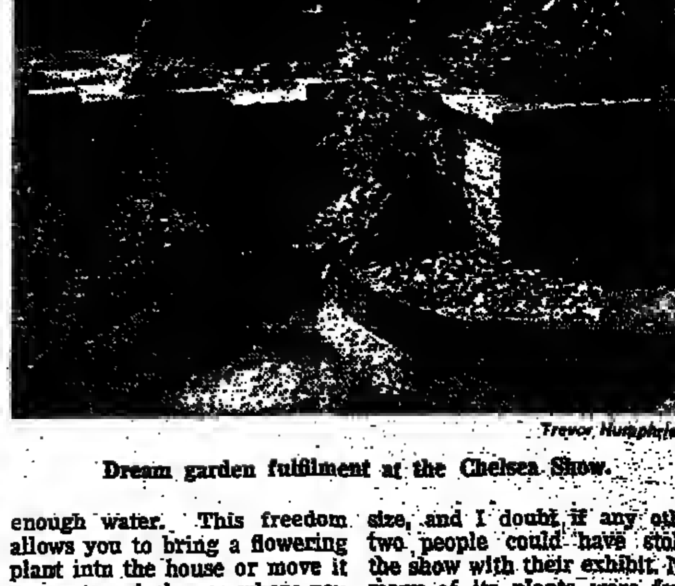
There is no cure for this, but this year, it was hard to resist the royal flush of colour on Bloms stand, not least the prettily-striped pink and yellow Twinkle, the exquisite mixturo of palo yellow and pink in Sorbet and the outrageous match of gold and scarlet in their large Flaming Parrot. All these superb varieties are head and shoulders above the smaller flowered Darwin's with which most of us still make do. I think I would confine them to large tubs or pots where a few of their expensive bulbs would make most impact and best survive from year to year at their full flowering size.

For the front of a paved town garden, there could be nothing more spectacular. In the second rang for size and richness, I think that tulip Apricot Beauty is outstanding. Its true apricot colour would match splendidly with pale forget-me-nots and its strength in the garden is not in doubt. I am going hust on its next year.

So, too, I am intending to do justice to foxgloves. I have never seen better spikes on the form colled Foxy and feel that I might now abandon a prejudice in favour of the old drooping flowers thickly set on spikes before breeders dreamed up Excelsior sorts and left us with foxgloves with flower-tubes facing outwards horizontally. I tend to leave foxgloves to fend for themselves on a few small, dry banks where they are an extra honus if they come to anything. If you feed them, however, like the foxgloves on two London councils' stands, you would have flowers on Foxy which rival any delphinium.

Tho foxglove is particularly willing to be moved and uprooted at any season, if given enough water. This freedom allows you to bring a flowering plant into the house or move it across to a drab area where you need it most. I plan now to take more care with the best new hybrids and recommend owners of shaded city gardens to follow suit, especially if thoy can lay on a good soil and plenty of Phostrogen in the growing season.

As far from foxgloves as possible was the astonishing stand from the private garden of Maurice Mason, mounted only with tho help of his gardener and the contents of his Norfolk greenhouses. Few private gardens would dare to take on the big nurseries on a stand of equal size, and I doubt if any other two people could have stolen the show with their exhibit. Not many of its plants were familiar, but the devoted art behind the showing of the *Epiphyllum tillandsia* on supporting climbers was obvious to the crowds it drew. Again, there was a sense of design and combined colour which marks out a Chelsea exhibit at its best. The shapes and sizes of the green and purple forms of *Aeonium* will live in the memory. As a huge display of rare greenhouse subjects and succulents and cacti for a near desert garden, it has not been equalled by any nurseryman with an army of staff behind him.



Trevor Humphries

Dream garden fulfilment at the Chelsea Show.

Mark Your Card's chance

RACING

BY DOMINIC WIGAN

ON THE corresponding afternoon a year ago Pat Eddery steered two 3-1 winners of 13-runner events home at Brighton. He could again be the man to watch at that popular *seaside* track today.

Eddery, setting a fierce pace at the head of the jockeys' table, will be interested principally in the fortunes of Mark Your Card. The former champion jockey who notched up 176 successes in Britain three seasons ago—a dozen more than Joe Mercer last year—looks to have bright prospects of landing the afternoon's most valuable event, tho Clayton Handicap, on Evelyn de Rothschild's three-year-old.

Although Mark Your Card has yet to make the frame in attempts, there aro grounds for thinking that a race such as this afternoon's six-furlong is *within* his compass. Clearly well thought of as a juvenile, he was sent to post as market leador for a 12-runner event at Lingfield.

He proved a bitter disappointment. From over a quarter of a mile from home be was fighting a losing battle to hold his position. But that ron came when almost all the inmates of Seven Barrows were falling victim to a virus which was to shut down Berkshire's most powerful stable. It seems safe to assume Mark Your Card was already sickening with the cough.

This season Mark Your Card put up a far more encouraging display at Newmarket on his seasonal debut—running a good raco behind Great Eastern in the Stetchworth Stakes.

While southern racegoors are heading for Brighton, turf enthusiasts in Yorkshire are *likely* to be descending on Catterick. There my idea of the afternoon's best prospect is Chummy Gaventa's twice-raced Chatram in the Stapleton Stakes. This progressive two-year-old comfortably dealt with all but the speedy Another Realm at Windsor recently.

BRIGHTON
2.00—Sibonette
2.30—Mark Your Card**
3.00—Lord Scrap
3.30—Kingsfold Flash
4.00—Millbank*
4.30—Ansumdus

CATTERICK
2.15—Miss Poppy
2.45—Chatram***
3.15—Sky Walk
3.45—Spindrifter

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.40-12.50 pm Cricket: One Day Test—England v The West Indies. 1.15 News. 1.30 Heads and Tails. 1.45 Cricket: One Day Test (continued). 3.53 Regional News (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Heyyy, It's The King. 4.30 The Record Breakers. 4.55 John Craven's Newsround. 5.05 Huntingtower. 5.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Natioowide.
6.50 Wednesday Film: "Can-Can" starring Frank Sinatra and Shirley MacLaine.
9.00 News.
9.25 The Risk Business.
10.00 Sportsnight.
10.50 Target.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.15 Ask The Family. 7.40 One More Time. 8.10-9.00 High Chaparral. 9.25-10.0 Elsteddfod yr Urdd. 11.40 News Headlines. 11.44 The Risk Business. 12.19 am News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.00 Cricket: England v The West Indies.
6.55 Swim.
7.20 Mid-evening News.
7.30 Chronicle.
8.20 Arena.
9.00 Midweek Movie: "Games of Love and Loneliness."
10.35 Dance Mouth Preview.
10.45 Newsnight.
11.30-12.05 am Cricket: England v The West Indies (highlights).

LONDON

9.30 am Homeground. 9.55 A Big Country. 10.20 Leave Cape Horn to Port. 11.05 Project U.F.O. 11.55 The Bubblies. 12.00 Cluppa Castle. 12.10 pm Rainbow. 12.30 Camera: Early Photography. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Square One. 4.15 How the Hedgehog Grew Larger. 4.45 Breakers. 5.15 The Brady Bunch.
5.45 News.
6.00 Thames News.
6.35 Help.
6.45 Coronation Street.
7.15 European Champions Cup Final: Nottingham Forest v S.V. Hamburg.
9.30 All Kinds of Dana.
10.00 News.
10.30 Medical Ethics.
11.30 Wheels.
12.00 Thames Arts.
12.15 am Close: Personal choice with Dame Peggy Ashcroft.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Nalas and Batchelor Cartoons. 9.50 "Red River" starring John Wayne and Montgomery Clift. 1.25 pm Anglia News. 2.45 *Houseparty*. 3.15 *Doctor Down Under*. 5.20 Crossroads. 6.00 About Anglia. 12.00 Police Surgeon. 12.30 am The Big Question.

ATV

9.35 am Coral World. 10.20 Dynomutt. 10.45 The Land That Came In From The Cold. 11.10 Tetters. 1.20 pm ATV Newsdesk. 5.15 Windows. 5.20 Crossroads. 6.00 ATV Today. 11.30 ATV Newsdesk. 11.35 Wheels.

BORDER

9.30 am Sesame Street. 10.25 Morning Film: "What's Good for the Goose," starring Norman Wisdom and Sally Geeson. 1.20 pm Border News. 2.45 Houseparty. 3.15 How's Your Father? 5.15 Cartoon. 5.20 Crossroads. 6.00 Lookaround Wednesday. 12.00 Police Surgeon. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.12 Cartoon. 5.20 Crossroads. 6.00 Report at Six. 10.28 Channel Late News. 11.30 Mannix. 12.25 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 9.30 The Coral World. 10.25 Voyage Around Great Britain. 10.50 Paths to the Future. 11.45 Poetry of Landscape. 1.20 pm North News. 5.20 Crossroads. 6.00 North Tonight and Area Weather Forecast. 6.40 Police News. 11.30 Reflections. 11.35 Wheels. 12.05 am Barney Miller. 12.30 North Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Dynomutt the Dog Wonder. 10.45 Tarzan. 11.35 Survival. 1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Family. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 12.00 The Odd Couple.

HTV

9.50 am The Beachcombers. 10.15 The World of Hans Christian Andersen. 11.25 The Four Nations Tournament (Ice Hockey). 11.50 Larry The Lamb in Toytown. 1.20 pm Report West Headlines. 2.45 The Royal Bath and West Show, 1980. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 11.30 Julie Anthony's First Special.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni a Nhw. 6.00 Y Dydd. 6.22-6.45 Report Wales. 10.30 Eisteddfod Genedlaethol yr Urdd Bae Colwyn 1980. 11.00-12.00 Medical Ethics.

SCOTTISH

9.30 am Sarah, Sarah, Get Me A Pig. 10.20 Reflections in a Pond. †10.30 Feature Film: "The Card," starring Alec Guinness, Glynis Johns, Valerie Hobson and Petula Clark. 1.20 pm News and Road and Weather. 1.30 You're Only Young Twice. 2.45 Power Without Glory. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 8.15 Emmerdale Farm. 11.30 Late Call. 11.35 Wheels. 12.05 am Police Surgeon.

SOUTHERN

9.30 am Untamed World. 9.55 Young Ramsay. 10.50 Poetry of Landscape (Wordsworth). 11.10 Survival Special. 1.20 pm Southern News. 2.45 Houseparty. 3.15 Entertainers. 5.15 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.20 Scene Midweek (South East Area only).

TYNE TEES

9.20 am The Good Word, followed by North East News. 9.30 Larry the Lamb. 9.45 George Hamilton IV. 10.10 Roger Tory Peterson—Portrait of a Birdwatcher. 11.10 Celebrity Concert (Roger Whittaker). 1.20 pm North East News and Where the Jobs Are. 3.15 In Search of. 5.15 Cartoon. 5.20 Crossroads. 6.00 Northern Life. 10.30 North East News. 11.35 Power Without Glory. 12.30 am York Mystery Plays.

ULSTER

10.15 am Young Ramsey. 11.10 Chopper Squad. 1.20 pm Lunchtime. 2.45 Survival Special. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

9.35 am Untamed World. †10.05 Feature Film: "The First of the Few," starring Leslie Howard and David Niven. 1.20 pm Westward News Headlines. 5.12 The Gus Honeybun Show. 5.20 Crossroads. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Mannix. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Sarah, Sarah Get Me a Pig. 10.20 Cartoon Time. †10.30 "The Card," starring Alec Guinness with Glynis Johns and Petula Clark. 1.20 pm Calendar News. 2.45 Tenderra. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Calendar (Emley Moor and Belmont editions). 12.00 The Mary Tyler Moore Show.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 7.30 pm John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days (S). 9.15 Among Your Souvenirs (S). 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 8.03 John Dunn (S). 8.02 European Soccer Special: Nottingham Forest v FC Hamburg. 10.02 Punch Line. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Nielsen (S). 10.00 Music for Organ (S). 10.40 Cricket: England v West Indies: one-day international for the Prudential Trophy, including 12.45-1.25 and 4.15-4.35 intervals, 1.00 News and County scoreboard. 8.00 Double-bill "Le Diable Boiteux," opera by Francaix (S). 8.25 Six Continents. 8.45 Double-Bill (continued) "Scherz, List und Rache" opera by Wellesz (S). 9.30 Chinese Christianity Explored (interview with Bishop Kwang-Hsun Ting). 10.15 Scriabin and Beethoven piano recital (S). 11.00 News. 11.05-11.15 Close-down Music by Byrd (S).

VHF with Medium Wave except as follows: 6.00-7.00 am Open University. 10.40 A Respighi Song Recital (S). 11.15 Midday Concert part 1 (S). 11.45 Interval Reading. 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 3.35 Guadagnini String Quartet Concert, part 1 (S). 4.10 Interval Reading. 4.15 Concert, part 2. 4.55 News. 5.00 Mainly for Pleasure (S). 6.20 Open University. 7.00 Pablo Casals plays Elgar. 7.30-8.00 The Golden Age (Story).

For Scottish Open University students only: 12.00-1.00 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shopping Forecast. 6.30 Today, including 6.45 Prayer for the Day 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 The Best of Myles. 9.00 News. 9.05 Midweek with Valerie Singleton. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 Just a Minute (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation of Law and Order (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Shop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

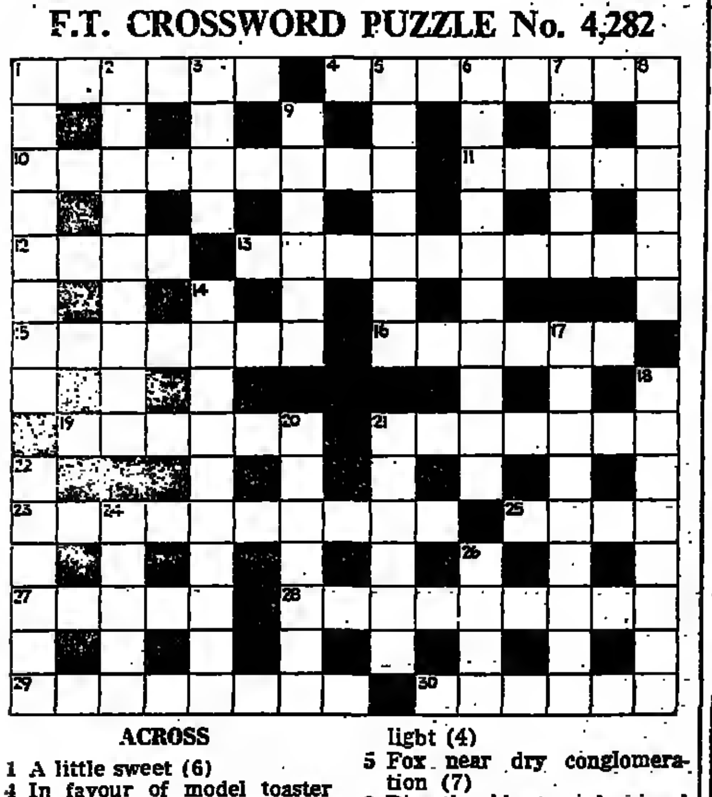
London Broadcasting

5.00 am AM with Dee Fahy and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 3.00 pm Jazz after Eight including music from Chick Corea and Gary Burton. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adnan Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,282



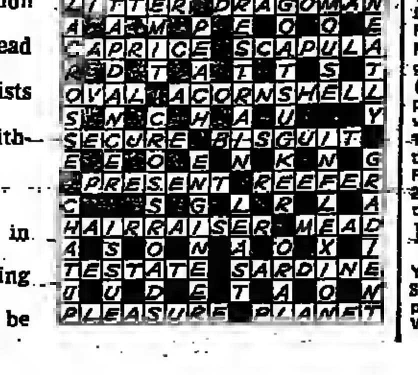
ACROSS

1 A little sweet (6)
4 In favour of model toaster (8)
10 Go along with airman and crew (9)
11 Paint badly—being unqualified (5)
12 Gain audio receiver and pole (4)
13 Cook getting intoxicated is impervious to vapour (10)
15 Drink came into being from flower (3-4)
16 Young woman with a right for currency (6)
19 Soften or harden self-control (6)
21 Cannot even shortly make a mess (7)
23 Not in after pre-eminent building ceremony (7-3)
25 Instrument used in early recordings (4)
27 Coin a musical composition (5)
28 Becoming concealed in dead bouquet (9)
29 Bird making communists bitter (3-5)
30 Soldiers give way and withdraw (6)

DOWN

1 Underwear put in tray in burlesque (8)
2 Innate about vehicle being personified (9)
3 The French politician may be light (4)
5 Fox near dry conglomeration (7)
6 Directly blunt and aimed without allowance (5-5)
7 Confessed about learner in jargon (5)
8 Turn note under list (6)
9 Incandescent cloak? (6)
14 Praise the full number we hear (10)
17 Gas mixed yet clean on top of ether (9)
18 Disturb a French bench (8)
20 Soldier in uniform (7)
21 Hard as bread and wine may be (6)
22 Puts up or finishes in wonder (6)
24 Offer in excuse for soft, soft metal (5)
26 Land in Paris Le Bourget (4)

Solution to Puzzle No. 4,281



THE ARTS

Television

All you need is the facts

by CHRIS DUNKLEY

The past week has been one of those in which the factual programmes have, by and large, represented better value than the fictional. *Rock Athlete*, a series which has arrived nationally on BBC 2 having previously been shown only on BBC North, investigates one of those surefire subjects of which he seem to see surprisingly few on television. It is concerned with people who are not only expert hut enthusiastic almost (sometimes wholly) to the point of fanaticism, which is always a good beginning for television. Next, their activities take place outdoors in the countryside, which is a great bonus, particularly with colour television. Best of all in this instance, the action takes place et such speed that the viewer can see precisely what is bappening and can eppreciate the difficulty and contrast it with his own ability (or lack of it).

For those of us who take our technical knowledge of climbing entirely from television, and who bave heard little about the changes in that world since television, with Chris Brasher, last covered the topic when Joe Brown and others climbed The Old Man of Hoy and so on, 10 or so years ago, these new programmes are eye-opening.

It seems that the title has not been idly chosen: a revolution has taken place since those previous programmes and the climhing technologists who used to hammer and chisel their way up vast rock faces have given way to a breed of purists wbo evidently spend most of their time in the gym preparing to challenge sheer sided 15-foot boulders with only will power and talcum powdered fingertips to supplement their extreme fitness. One wonders why—excepting a few educational programmes for novices—television hes ignored sucb a well suited subject for so long.

One knows exactly why Brian Moser's unique anthropological programmes which used to go out under the title *Disappearing World* have been missing for so long: the film technicians' union insisted be use crews of a size which would bave defeated the very object of the programmes. Now, somehow, he and his anthropologist wife, Caroline, and ATV and the unions bave achieved an agreement which has enabled them to make three films in South America. The first, from the barrio area of Guayaquil, was as minntely observant and as engrossing as ever, even though the dangers of encroaching civilisation it showed were not those of disease brought to remote Indians, hut those of slum dwellers tapping into the national grid to supply their stilt house with illicit power.

A purity of film making not so very far removed from Moser's was used to convey Englend's own Fen country in *A Sense Of Place*, with the difference that Geoffrey's Haydon's visual lyric did not even bave a commentary and was concerned only incidentally with social matters. Using just the photography of Jack Hazan, Colin Munn and Fintan Sheehan he evoked that wet, flat, misty, deeply dyked countryside with the sort of vividness that I associate with very few programme makers—Patrick Carey being tha most notahla and the most disgracefully under used.

Earlier on the same evening *That's Life Report* joined the healthily expanding ranks of BBC programmes which have given up all pretence at being "balanced" even though—unbealthily—they don't proclaim it. This first episode dealt with tha idea of using tape recorders during the interrogation of suspects by the police. It interviewed and quoted a wide selection of people in favour and none of those against. It was in a vigorous and admirable tradltion of journalism and the BBC should he bonest about it and call the programme *That's Life Compaign*.

Julian Jebb's BBC2 portrait of *Noncy Mitford* (reviewed below) was fascinating, and eveo if the last in the *Vikings!* series did confirm that you need a name like Magnus Magnusson before you can become really hesotted with a succession of men wbose names all sound like Snotty Tröodlesohn, the factual programmes were still on the whole more engaging than the drama.

Derek Jacobi (Hamlet) and David Robb (Laertes) in BBC 2's 'Hamlet'

Hamlet, for instance, which was the latest in the BBC's prodnction of the entire canon, was a competent and fairly exhaustive rendering which, however, failed to produce that spark which is needed to fire up the wbole process. It is one of the greatest measures of Shakespeare's genius that even on a 10th or 20th viewing of the best known plays, the famous llnes can in a really good production come up and hlt you almost unawares with an invigorating novelty that forces you to think properly about the meaning all over again.

But this version achieved almost the reverse: one aat there thinking "Uh huh, here we go—'Angels and ministers of grace defend us;' or 'To he or not to be,'" or "It can't be long before 'Alas poor Yorick.'" Given that a television production, aiming for a multitude of viewers unfamiliar with the play cannot afford Richard Eyre's current ploy of having Hamlet bimself play the ghost, or Berkoff's relinquishment of the arras, but must stay pretty tightly within the conventions, there should still be some space for freshness.

Tony Bicat's *Electric In The City* was the latest in what is becoming a tedious succession of heeutifully filmed but deeply pretentious and obscure plays about social disintegration heralded by urban decay. I think Poliakoff essayed something similar with *Bloody Kids* and Hare tried with *Dreams Of Leaving*.

Most amusing play of the week was Frank Cvitanovich's gorgeously pbotographed account of the Gay Future affair, a real life "sting," called *Murphy's Stroke*. But, of course, that was more fact than fiction.

* * *

Isn't it odd bow inaccurate one's impression can be of a television report of some live event? Innumerable euphoric articles following the TV coverage of the Iranian embassy siege have made it clear that ace girl reporter Kate Adie, the BBC's unflappable heroine of the airwaves, was cool, calm and coberent when her big moment came. It seems that with scarcely a pause for breath she kept an anxious population bang np to date with a lucld stream of detailed description of all tbat was occurring.

In an endearingly immodest full page encomium to BBC Television News in the current Listener, Alan Protheroe, editor of BBC Television News, explains how "In any group of journalists there is a collective experience, a perception, a degree of knowledge, that makes inspired guesswork and cast-iron dednction comparatively easy . . . Our assessment, made at the earliest stage, turned out to be absolutely correct: we were sure this siege could not be resolved without the intervention of the SAS or a similar group."

He concludes that ". . . the world watched a definitive example of just how high standards of broadcast journalism really are in this country." This expression of national pride presumably extends to the BBC's competitors at ITN who appeared to provide much the best pictures with the result that their coverage, unlike the BBC's, actually got into the JICTAR Top 20.

How intriguing, though, to learn that the BBC realised from the earliest stage that the SAS would have to go in. When they did so, Kate Adie, well prepared with this knowledge and plied with researcb from the hack-up team, was presumably saying: "And here comes the SAS in the all-black outfits they wear for purposes of anonymity and shock. And that was one of the stun grenades they last used in earnest at Mogadisbn," and so on.

Yet my distinct recollection is that the lady seemed just as mystified as those of us at home. "A couple of minutes ago there was a hig explosion . . . there's a lot of smoke . . . bnt nobody knows what's going on" is the sort of bewildered comment that has somehow stuck in my mind. Most extraordinary of all, others who watched with me had precisely the same strong impression that Kate Adie failed to say whether the explosions came from inside or outside the embassy and even wbether the men in hlack were going in or coming out; confusion eppeared to reign. Astonisbing bow easily false impressions can be spread, isn't it?

BBC 2

Nancy Mitford

An encounter with the Mitford family en masse is enough to turn anyone into a raving Communist—which it seems is pretty well whet bappened to Jessica Mitford, though obviously that was not the concero of Julian Jebb's programme *Noncy Mitford*, subtitled "A Portrait By Her Sisters." It was not so much the vey vey plummy accents and the concrete trappings of inequality wbicb counted but the family's shear other-worldliness.

"We all travelled third class," said Pam in one of the programme's vivid anecdotes, and then, with all the nnconscions superciliousness of the duchess in the music ball joke who took her first bus ride and gave her address to the conductor, "In those days it wasn't normal to travel third class."

The late Nancy berself, in one of several clips of archive filmed interview, trilled: "I went to the Slade school because I thought it would be rather nice to be a painter y'see. But Professor Tonks soon put an end to that. He said I had no talent." People who did have talent but no cbance at the Slade doubtless found this less hilarious than Nancy did. As Jessica said, the Mitfords felt tbat: "Tbe wbole world was a tease put on for our benefit"; that is, that the rest of us were a sideshow mounted specially for them.

Yet nobody has satirised this flightiness, haughtiness, and clannishness better than Nancy herself, as the readings from ber very funny books proved. Moreover each of the surviving sisters interviewed in her home (Pam, the Hon. Mrs. Derek Jackson, on her country estate; Jessica in her American house; Deborah, the Duchess of Devonshire, at Chatsworth; and Diana, Lady Moseley, at her French chateau) proved to combine some of Nancy's inward looking ridicule with the hauteur that they seek to imply is mock.

In the end, though, this finely edited programme with its snapshots snd letters supplementing the filmed material, hinted that even the Mitford satire may be private property rather than real public self-deprecation. What might be healthy self-knowledge in others looks like self-satisfaction in the Mltfords, so deep and exclusive that it can masquerade before the rest of the world as irony or even sarcasm without actually barming the family. The oddest thing of all, as the programma so cleverly revealed, is that even at its most arrogant such strong family loyalty and self-sufficiency can be bighly attractive.

CHRIS DUNKLEY

Albert Hall/Radio 3

Gothic Symphony

by ANDREW CLEMENTS

The burgeoning interest in Havergal Brian effectively began in 1966 with the first professional performance of the *Gothic Symphony*, conducted by Sir Adrian Boult. Tben its spectacle and massiveness excited the interest of a wider musical public, and at least brought its composer's name into the open; Brian's music ceased to be the private province of a handful of devotees led hy Robert Simpson. Sunday night's performance, again in the Albert Hall, and this time played by the London Symphony Orchestra conducted hy Ole Schmidt, could be seen to close the first phase of Brian's rehabllitation: a number of the symphonies are now available on record, the BBC (prompted, one imagines, by Dr. Simpson) has made studio recordings of more of them, and they have created for him a niche within that great battalion of vigorously championed composers who fall under the hanner of "English music."

That the *Gothic Symphony* should have sparked the revivel is understandable. Few works of any kind demand an orchestra of 156 and a choir in excess of 500 and offer such visuel entertainment; helpfully, it was also Brian's first surviving symphony and a bridge between bis previous large-scale cboral works and the vast corpus of symphonies that was to follow its final completion in 1927. And, for the agnostic, it demonstrates in a single package many of the faults and problems of the later mnsic.

For, despite its enormity, the *Gothic* finally does not live up to its ambitions. Tha plan crowns three conventionally-sized symphonic movements (using a straightforward large late-romantic orchestra) with e massive setting of the *Te Deum* text. The music of the first section prefigures much in the later symphonies: the congested, reharhative textures aod obsessive rhythmic devices, a fondness for consigning the burden of the thematic argument to the lowest reaches of the orchestra, ecboes of Strauss (to wbom tha symphony is dedicated) in the climax of the first movement, and of Bruckner in the scherzo.

The voice is undeniably original, and in its single-mindedness remarkable for the work of an English composer in the 1920s. (Apart from the very different Frank Bridge, it's difficult to think of any other of Brian's peers writing such difficult and uncompromising music.) Brian was for a long time hundled together with Bantock and Boughton as part of a forgotten generation of English composers; very different from them, but equally dated. That, on the evidence of just these three movements, is patently unfair.

But wheo the *Gothic Symphony* becomes a hyhrid work—with its ancestors in Beethoven's Ninth and Mabler's Eighth and successor in Tippett's third symphony — then its difficulties begin. For in no way does the first part of the symphony prepare one for the extraordinarily gross celebration that counterbalances it. Loose ends are not tied in, nor mysteries in the preceding music explained; its impact is merely swamped. The deliberate archaisms—the moments of organum and bare quartal harmony — grate; the listener is baffled to hear them colouriog what had begun as a respectable late-romantic symphony.

The increasing compressioo of Brian's later symphonies is hardly surprising after the catharsis of the *Gothic*. But that most throw grave suspicion on his sense of musical architecture, on his ability to fashion e gratefully proportioned work. The essence of the music is strong, but its continuity hamfisted. Even within the choral section there are moments of great originality, particularly the use of the chorus *a cappella*, snd the restraint of some of the writing for the bass choirs. But as a completion to a symphony it is as unsuccessful as the attempts to "complete" Bruckner's Ninth by grafting on his *Te Deum*. While the *Gothic Symphony* can attract sucb committed performers—Mr. Schmidt conducted a beroic performance, to which the multitude of choirs and soloists responded tremendously—it will continue to receive occasional, festive revivals. But the one-time "neglect" of Havergal Brian seems increasingly likely to become the Havergal Brian "problem."

Arts News in brief

American jazz stars Max Roach, Kenny Burrell, Dave Liebman, and Sheila Jordan are among those appearing at the Sixth jazz weekend to be held at South Hill Park Arts Centre, Bracknell, on July 4, 5 and 6.

On opening night George Fame and the Blue Flames, Rocket 88 (wbicb includes Jack Bruce, Charlie Watts, Don Weller and Alexis Korner) and American tenor-saxist Hal Singer head the bill.

On Saturday the quintet led by saxist Dava Liebman will appear as well as the group of guitarist Pat Metheny, Ian Carr's Nucleus, the Moe Koffman quintet and the London Jazz Composers Orchestra.

On Snnday the groups of Roach, Burrell and singer Sheila Jordan will share the day with several Britisb bands.

Full details of the arrangements for this widely acclaimed annual event are obtainable from Tony Bellekom at South Hill Park (0344 27272) or from the Jazz Centre Society, at 580 8532, who are festival consultants.

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Tha National Theatre is to *The Elephant Man* was first American-born dramatist Bernard Pomerance. It will open in the Lyttelton Theatre on July 15.

The play is the story of John Merrick, a freak show exhibit in Victorian London, who was named The Elephant Man, and his rescue by the eminent surgeon, Sir Frederick Treves.

The Elephant Man was first seen at the Hampstead Theatre in 1977 in a co-prodnction witb Foco Novo. At the NT, David Schofield is to appear as John Merrick — the part be created at Hampstead — and Peter McEnery as Treves. Also in the cast are Arthur Blake and Jennie Stoller, who were in the Hampstead production, Peter Bonrke, Dallas Cavel, Anthony Falkingham, Peter Howell, Karina Knight, Audrey Noble, and Heather Tohias.

RNCM Manchester

Two Venuses

Kent Opera's Baroque double bill, recently given a premiere at Manchester, offers two choice short works from opposite ends of the 17th century. Both are more masque than opera. Monteverdi's *Il ballo delle ingrate* (1608) was a ceremonial piece for the court of Mantua. Blow's *Venus ond Adonis* (ahout 1680) wes intended for private performance before Charles II, whose mistress Mary Davis and their child played the roles of Venus and Cupld. *Venus*, though overshadowed by the later *Dido and Aeneas*, turns up fairly often. Monteverdi's *Ballo*, which has more to offer a modern eudience than the much-praised *Tancredi e Clorinda*, has heen largely neglected.

Venus and Cupid appear in *Il ballo* as well as in Blow's masque. In Monteverdi they intercede with Pluto to allow some *ingrate* (ladies who refuse their lovers their favours) to return to eerth for a while from the underworld. They dance, and as they leave, one of them turos to sing e doleful lament. All the music, including the immortals' often ornate recitative, is of exceptional expressiveness. Kent Opera's producer, Christopher Bruce, a new recruit to opera, did the choreography as well. The designer is Nadine Baylis. Har dancers' costumes are excellent, her Venus a shiny-nosed frump. Venus and Pluto both move awkwardly on huge platform soles, presumably to raise them above a tall, treble Cupid (Richard Quine). The set is hitty and (at Manchester, at least) unsympatbetically lit.

The dances, and not only by operatic standards, are distinguished in conception end performance. Nevertheless, Mr. Bruce and his designer slightly misjudged the mood of *Il ballo* as a whole. The intense poignancy of the music for the *ingrate* (marvellous use of dissonance in the off-stage chorus at the end) cannot fail to make an effect—for the rest, this is not black tragedy hut a courtly bint to the Mantuan ladies (did they need one?) not to he obdurate. In this staging the scenes for the immortals, well as they were sung by Eirian James (Venus) and David Thomas (Pluto) were too dark and solemn. Mary Beverley was worthy of the beautiful lement which is the finest page in this remerkahly varied little work.

The *Venus and Adonis* is a re-working of Norman Platt's earlier production for this company with pleasant designs hy Jean Jones and new choreograpby hy Cbristoper Bruce. Here again, the dances are well above the average — they include a pas-de-trois for three graces serenely danced by Christine Hocking, Philippa Luce and Nan Wigglesworth. The outstanding soloist was the Adonis, William Shimell, who mede instant contact with the audience and let us hear every word — Anne Ridler's translation of the Monteverdi had been nearly all lost. The second Venus of the evening was Patrizie Kwella, easy on the eye and a communicative singer once the voice warms up. The second Cupid was a mezzo, Luce Garreau, livelier than her male predecessor but strangely made up with cheeks rosy enough for Bacchus. The work is a charmer, and well deserves Kent Opera's faithful advocacy.

Roger Norrington conducted his edition of both works, *Il ballo* given a semitone higber, Venus a semitone lower, then written (which means that if authenticity had been rife in the unregenerste 30's, one would never have had the rare pleasure of hearing the mezzo Conchita Supervia sing Monteverdl's Venus in a BBC broadcast). The small instrumental forces used were enough for this theatre, though a little more vigour might have spurred soloists (the Adonis excepted) and chorus to make more of their words.

RONALD CRICHTON

Festival Hall

Los Angeles Philharmonic

The Los Angeles Philharmonic Orchestra's second London concert on Sunday evening, and the last of their European tour, was again conducted by their Music Director of 18 months, Carlo Maria Giulini.

That is probahly still too short a time for a conductor to make his deepest mark on an orchestra; but already some recognisable Giulini trademarks have emerged in the playing—a leanness to the sound, a muscular contrapuntal sense, a fine clarity of texture and movement. The emphasis ls on the long line, and on forward momentum: less often on savouring or lingering, or on tbe finer points of textural and rhythmic detail, which seem hy and large to be left to look after themselves. And that, by and large, they do very well. Io a Glulini performance there ls a sense not so much of a powerful interpretative personality at work dissecting and recreating a score, as of e careful end scrupulous musician conceroed ahove all to convey what the composed has written down on paper with the utmost fidelity and clarity.

In Giulini's case, this scrupulousness also goes band in hand in with a kind of reserve: a cutting off, clearly quite deliberate, and nothing to do witb loss of nerve, whenever the temperature of the music threatens to rise ahove a certain point. That wbite, sbimmering heat in which almost every bar of Toscanini's was born—alive ln every nerve, at once exhausting and intensely exciting—is a climate Giulinl never aspires to. Many conductors do: though few succeed. But Glulini draws hls lnsplration from another reglon entirely, and in the cool of the late afternoon, where the mind is clearer, the heart less demanding, and the spirit more calm.

There were substantial pleasures to be bad from this approach on Sunday: and the cut-off points, as they arrived, were essentially the only disappointment. The tempi for Mozart's Jupiter symphony were firm and easy: a careful, civilised reading, every strand in place. The minuet was a special delight, sweet and cool, taken at a slow-swinging one in a bar. Only the finale seemed, not facile, but domesticated: less fierce, and grandly soaring than it might (have the English and American languages really moved so far apart that the LAPO's programme-writer can begin his note, "Even for a composer as facile as Mozart. . ."?). Chaikovsky's sixth symphony was tbe evening's only other work, cogent, well made ln all its parts: but strangely (some might say, crucially) without animal excitement, savageness in its timbres, despair in its beart. A degree or two more weight to the string tone at climaxes could have made all the differeoce.

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Mr. Reagan's chances

MR. RONALD REAGAN is now virtually certain to be nominated as the Republican candidate for the Presidency in this year's US elections. Given President Carter's frequently low ratings in the opinion polls and the weaknesses of the Carter record in office, the possibility of a Reagan victory in November must be taken seriously.

Disadvantages

The former Governor of California starts off with a number of well-known disadvantages. The first is his age. Mr. Reagan is 69. The second is his reputation as a one-time movie actor which is not generally reckoned to be the stuff of which American Presidents are made. The third, and most serious, concerns a whole range of policies and attitudes. Mr. Reagan is not only avowedly well to the right of the political spectrum; he also has a tendency to shoot from the hip and to oversimplify. It is not easy to imagine, for example, that the U.S. could resolve its energy problems simply by abolishing the Department of Energy and by giving full rein to the oil companies, as Mr. Reagan has recommended. It is not entirely comforting either to imagine him in charge of American foreign policy.

Yet, in a race against Mr. Carter, he also has assets. It is as absurd to dismiss Mr. Reagan for his cinematic background as it is to dismiss Mr. Carter for having been a peanut farmer. It smacks of intellectual snobbery. Mr. Reagan was twice elected Governor of California, a complex and populous state by any standards. He won the reputation of being ready to listen to advice and able to run a team. He did not always do in office what he promised, or threatened, in his campaign.

Moreover, for all the accusations about laziness, there can be very little doubt about his motivation. Mr. Reagan twice sought the Republican nomination before: in 1968 and again in 1974 when he almost toppled the incumbent, Mr. Gerald Ford. He is a formidable politician who clearly wants to win.

Mr. Reagan's problem now is how to convince the electorate that his potential assets outweigh his obvious disadvantages. He has no shortage of advisers flocking to his cause. On the economics side, Mr. Arthur Burns, Mr. Alan Greenspan and Mr. George P. Schultz are all there, each of them respected figures during previous administrations. A comparable list could be given on the defence and foreign policy side. There is no shortage either of candidates for the Vice-presidency—a crucial choice because of Mr. Reagan's age. Senator Howard Baker, Mr. George Bush, and even perhaps Mr. Ford are all possibilities.

Yet it is one thing to be ringed by advisers, and another to show that the advice is being heeded. Mr Reagan so far has given very little idea of what he would like if elected. It is the image of the cowboy rather than the Governor of California that remains in the mind, and not only among non-Americans. The campaign for the nomination has done nothing to change that. Mr. Reagan is remembered because of his call for a blockade of Cuba; he has not advanced a coherent foreign policy. His economic thinking appears to stop at the demands for across the board tax cuts and less bureaucracy. He could be exceedingly vulnerable in a campaign where he was asked to explain his policies in more detail.

Opportunity

In the next few months Mr. Reagan will have the opportunity to say more precisely what he is offering and clearly his speeches will receive more attention. There will be those who will advise him not to abandon his narrow Republican base which has already brought him so far. There will also be an opportunity, however, to go wider and to seek support from those who do not normally vote Republican. Mr. Reagan could take the initiative now by making a series of carefully prepared speeches on all aspects of policy. The chance of victory is there. He has yet to show that he deserves it.

The future of Inmos

THE GOVERNMENT cannot delay for much longer the decision on whether to provide Inmos, the micro-electronics venture set up by the National Enterprise Board, with the second £25m tranche of public money. Sir Keith Joseph, Secretary for Industry, may be hoping for some enlightenment when he visits electronic companies in the U.S. this week, but no doubt the advice will be just as conflicting as it has been in the UK. Any hopes that General Electric Company, Britain's largest electronics group, would solve Sir Keith's problem by taking over Inmos appear to have evaporated; discussions between GEC and the NEB have ended and are unlikely to be revived. Inmos was started under the Labour Government, but the new Tory-appointed NEB gave its blessing to the second £25m some months ago; thus Sir Keith's decision is bound to have an impact on the credibility and status of the NEB.

Fast growth

There have been two main arguments for going ahead with Inmos. The first is that the UK needs to devote more of its resources to high-technology industries, especially fast-growing sectors like micro-electronics. Because new investments of this sort tend to be expensive and risky, the private sector cannot be relied upon to finance them. There is a financing gap which the NEB is ideally placed to fill.

Unfortunately there is no way of proving whether this gap exists or not. A good many high-risk ventures have attracted support from the City. The fact that Inmos has not done so, despite the impressive credentials of the three entrepreneurs who conceived it, does not necessarily indicate that the City is wrong or short-sighted. It is undeniable that Inmos will be competing against powerful American and Japanese companies in an industry where the mortality rate among new ventures is high. It is a very speculative proposition. There is no way of justifying support from public funds unless it can be demonstrated that the national interest requires this particular micro-electronics venture to be set up in the UK.

This is where the second argument for Inmos comes in. It has been claimed that Britain's electronics companies will be at a disadvantage if they have to buy their microprocessors and other semi-conductor devices from overseas. So important is the "micro-chip" to the development of the end-product, according to this theory, that an indigenous design and manufacturing facility is essential; even the presence in the UK of foreign-owned semi-conductor companies would not prevent British users from coming later in the queue than their American or Japanese rivals.

Yet this is really a matter of corporate rather than national strategy. Some European electronics companies have bought into the U.S. semi-conductor industry because they want an in-house source of expertise and production. Others feel no need to do so, because they believe that "micro-chips" will be available from a variety of different sources and their own efforts will be devoted more profitably to the application of these devices than manufacture. Time will tell which of these strategies will be more successful, but it would be ludicrous to suggest that the British electronics industry will wither away if Inmos, or something like it, is not established in the UK.

Uncertainty

Inmos has to be judged on its own merits. Because £25m of public money has already been spent it does not follow that the Government should be obliged to go on supporting it; if it was a bad project to start with, it is no less bad today. Nor should the Government feel inhibited about over-ruling its own appointees on the National Enterprise Board. Inmos has always seemed the most ambitious and least credible of the NEB's high-technology ventures. It represents a large commitment in an uncharted territory and it is right that Ministers should have the final say, just as they do over Rolls-Royce and BL. It is unfortunate they have taken so long to make up their mind; a decision appeared to be imminent towards the end of last year. The uncertainty has been unfair to the founders of Inmos and its employees.

The right course now is to secure private-sector participation in the next stage of funding for Inmos. It is hard to believe that, having received £25m from the Government, having established pilot production facilities in the U.S. and having put together a team of engineers, Inmos is not in a state which could attract outside investors—if the project is sound. Without a substantial private involvement — preferably at least 50 per cent of the new funds required—the Government should withdraw from the project.

Recession hits England's industrial heartland

BY ARTHUR SMITH, Midlands Correspondent

CONCERN IS mounting in the Midlands about the speed at which the economy is moving into recession. The latest survey of companies conducted by the West Midlands region of the Confederation of British Industry reveals a continuing fall in home demand, a decline in export orders, planned cuts in investments and a crumbling of business confidence.

"I doubt whether the Government yet appreciates the plight of manufacturing industry and the speed at which it is being destroyed," says Mr. Reg Parkes, chairman of Brockhouse and of the regional CBI.

Trade unions are expressing alarm at the spate of redundancy announcements, particularly in the depressed automotive industry, which accounts for more than one in six of the region's manufacturing jobs.

Renold is to close its Coventry motor components plant with the loss of 800 jobs; GKN Sankey plans to shed 930 jobs; Wilmot Breeden wants a reduction of at least 300 workers, and Lucas Electrical is still reviewing prospects for its 14,000 Midland employees.

To add to the gloom, several of the region's leading companies—GKN, Delta Metal, Cadbury-Schweppes and Brockhouse—all issued warnings last week about the deterioration of home markets.

The change in the business climate in recent weeks has been dramatic. Mr. John Warburton, director of the Birmingham Chamber of Commerce, says a survey of member companies in mid-March during the national steel strike demonstrated "a surprising but encouraging resilience with both home demand and exports holding up better than expected."

The sudden reversal of confidence came early in April. "The shutters came down quickly and markets have been sliding ever since," says Mr. Parkes. "The steel strike masked the downturn that was taking place."

According to one leading Midland banker, companies continued to place orders during the dispute as a guarantee against disruption.

"Once the action ended, many managements found their stock higher than expected and reassessed their position against depressed home and export demand, record interest rates, rapid inflation and mounting pressure on cash flow."

The extent to which the present sharp fall in orders is due to de-stocking and therefore a partially temporary drop is a matter for argument.

Mr. Eric Swainson, managing director of IMI, says: "In the first three months of this year there was probably home undue optimism in the Birmingham area. Now that markets have started to turn down there could be some over-reaction."

The picture for IMI with its broad range of interests is mixed with some markets, such as fluid power and building products, down and others unaffected. A similar pattern is reported at Glynwed, the Birmingham-based concern active in steel stockholding, industrial fasteners, bathroom and kitchen equipment and consumer durables.

Mr. Leslie Fletcher, Glynwed chairman, maintains: "The drop did not really begin to show until about four weeks ago, with the real impact falling on the High Street and consumer durables."

He points to the danger of companies panicking in the short term, thereby accelerating and deepening the move into recession.

The apparent drop in consumer spending is highlighted by Sir Adrian Cadbury, chairman of Cadbury Schweppes, where home sales have fallen below forecasts.

"We are going through a period where the main element depressing our sales is the run-down of stocks in the shops—both because of reduced spending and high interest charges. I am more optimistic for the year as a whole than sales for the past couple of months would indicate. The impact on the manufacturer is sharp in the short term, but we shall eventually gear our production to the new level of trade."

The UK downturn in demand for Cadbury Schweppes products has been fairly general, with the exception of sales to the licensed trade and catering. "People still appear to be drinking in the pubs and eating out. One possibility is that increases in the male pay packet are not getting through to the housewife," Sir Adrian suggests.

The gloom has spread even to the successful pottery industry which has remained buoyant over the past couple of years, largely by pushing ahead in overseas markets. Companies now report that the strength of sterling in competitive export markets is posing problems while domestic sales have been hit further by the reduction in the number of tourists visiting the UK.

Activity in the engineering and metal bashing industries, where the bulk of West Midlands manufacturing is concentrated, has slowed. The engineering industry appeared earlier this year to have made some recovery from the damaging effect of the national two-day strikes and overtime ban of last autumn, but many companies now report up to 30 per cent spare capacity and weakening order books.

But the key factor determining the pace of the Midlands economy is the health of the UK vehicle assembly industry.

Last year BL Cars was manned to produce 725,000 vehicles, but made only 503,000.

Estimates of likely output this year vary between components suppliers but some expect a further drop of around 20 per cent both because of the weakness of UK demand and problems in export markets. Ford car assembly in the UK is also expected to be down. Owen's two factories at Darlaston, in the West Midlands, which produce wheels and pressings—the bulk of them for BL—provides a good indication of the impact upon basic suppliers of the downturn in UK vehicle assembly. The two plants, though the labour force was reduced by 700 last year to 1200, are currently operating at only around 65 per cent of capacity. That is a significant rop on earlier this year and a further fall to perhaps 60 per cent is expected.

The weakness of the Midlands staple industry is underlined by the extensive short-time working in the drop forging sector, which provides half its annual output for cars and commercial vehicles. Much of the foundry industry, again heavily dependent upon automotive components, is now working at less than half capacity.

Against such a background and with few companies prepared to forecast any improvement within at least 12 months, the outlook for investment is poor.

Mr. Steve Rankin, director of the West Midlands region of the CBI, reports that many companies are re-examining their position and deferring all but vital spending. More serious for employment prospects is that capital spending is usually aimed not at raising capacity but at improving productivity and reducing labour.

Unemployment figures for the West Midlands published last week showed a rise of 2,433 in the jobless to more than 145,000 at a time when seasonal factors should have caused a drop. The regional unemployment level of 6.2 per cent, though only marginally above the national average of 6 per cent, masks the problems of depressed towns such as Wolverhampton at 7.5 per cent and Telford at 9.9 per cent.

Mr. Chris Walliker, director of manpower at Delta Metal and chairman-elect of the regional CBI, warns: "The major problem we are going to face is unemployment and the social problems it brings with it. The number of redundancies announced recently is really frightening and I think it will get worse."

He points out that the burden of unemployment is unequal, with the impact tending to fall upon the young, the less skilled and the ethnic minorities — a situation which could lead to social unrest in areas such as Wolverhampton and inner Birmingham.

Mr. Walliker expressed the fear of many Midlands industrialists that the traditional manufacturing base was being eroded, with insufficient growth sectors to take up the redundant resources.

The region does provide some comfort, however, for the present government's emphasis upon incentives and opportunities for small business. Local estate agents report a strong demand for factory units of below 2,500 sq ft. Mr. Warburton of the Chamber of Commerce confirms that Birmingham's much-heralded small firms sector is indeed 2flourishing, but possibly to some extent by picking up orders sub-contracted from large concerns which are rationalising production. He also concedes that such employment growth becomes fairly marginal when measured against the large redundancies announced by GKN Sankey.

The widespread concern about export prospects, given the continued strength of sterling, is voiced by Mr. Richard Wootten, UK sales director of Tube Investments steel tubes division, which has 15 companies in the Midlands. He argues that it is impossible to look to export markets to compensate for any shortfall in the UK since there is a worldwide surplus of steel tube capacity. Indeed, some overseas markets that are no longer profitable are being reviewed. Around 1,000 of the division's 13,000 strong labour force is now on short time, and Mr. Wootten says it remains difficult to separate real market trends from the after-effects of the national steel strike.

Mr. Walliker says Delta's export volumes have held up well in spite of pressure on margins, but maintains the strong pound is sucking in imports — such as washing machines and gas cookers — and putting pressure on the home market.

Sir Michael Edwardes, the BL chairman, has spoken of "the importer's bonanza" caused by the strength of sterling. He calculates that over the past year, taking into account exchange rate movements and the strength of sterling, profit margins in the UK have doubled for French and German manufacturers and quadrupled for the Japanese.

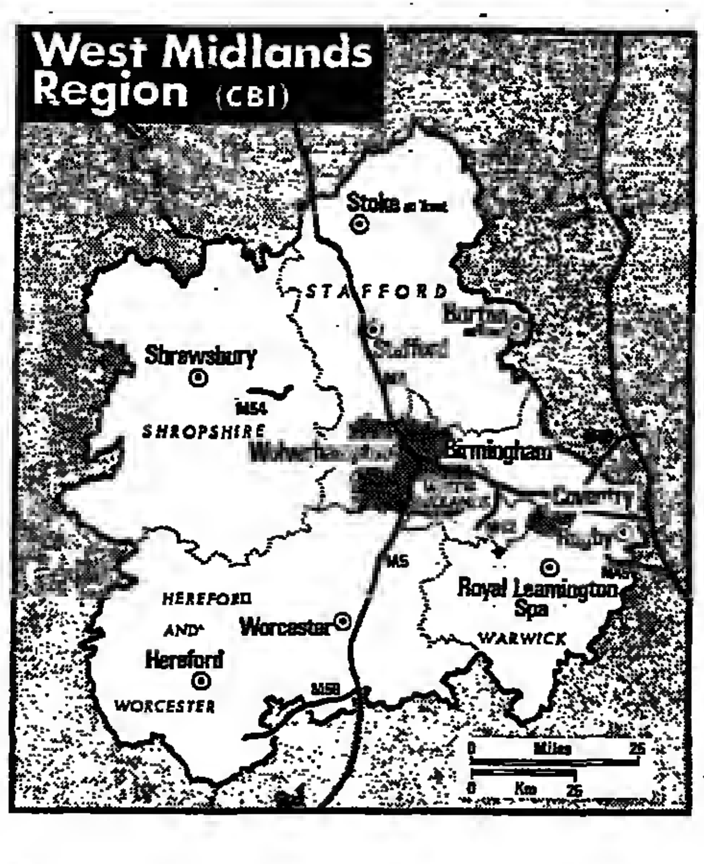
Another issue which has tended to emerge over recent weeks is pay. While the Midlands came out of the last wage round with relatively little disruption and the well-publicised 5 per cent settlements at BL Cars and Talbot, the continued high level of inflation has raised fears about whether unrest can be contained next time.

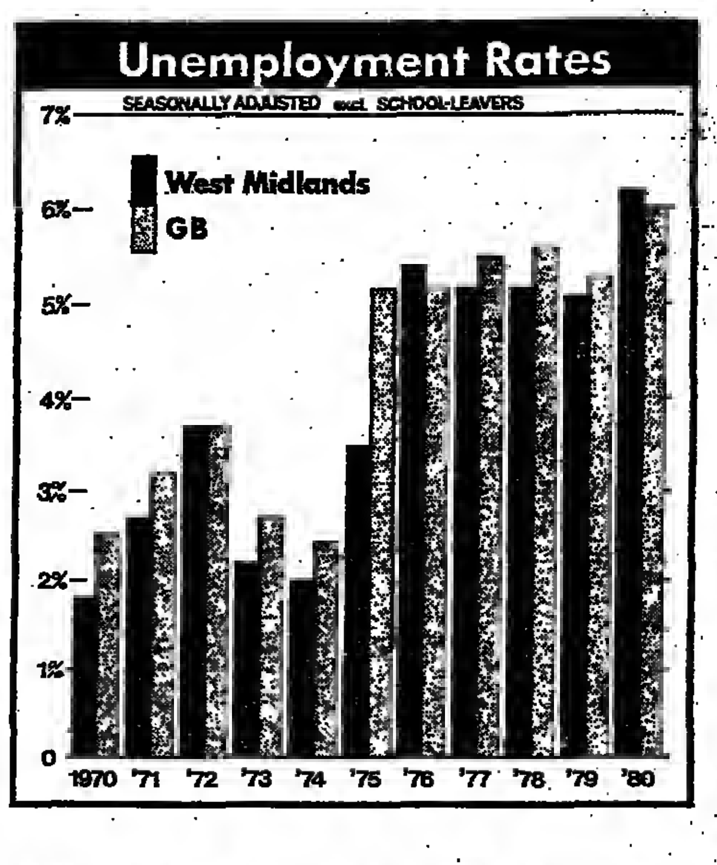
Mr. Warburton says there is a strong body of opinion among local companies that some sort of central mechanism is necessary to help hold back pay and salaries. "There is a feeling that the market place is perhaps not strong enough to restrain wages. At the very least, there is a case for an incomes advisory that could play an educative role."

The concern of many Midland industrialists that the Government might be ignoring their plight is expressed by Mr. Swainson of IMI: "Companies cannot succeed with high inflation, high interest rates and a strong pound. These three together are incompatible with a prosperous industry. One of them has got to give."

He urges the Government to "act somewhere but quickly—even to the extent of taking a risk."

Mr. Parkes, as regional chairman of the CBI, argues that the Government should moderate its policies, seek to establish a political concensus and enter into a dialogue with the trade unions. "I believe in monetary policy but this Government is operating on a political time-scale, not a commercial one. The Government must look again at its strategy. If at the end of the day we have no industrial base, where do we go? There is a great deal of talk about the Phoenix rising from the ashes. But what if we are left with just the ashes?"





The steel strike masked the downturn that was taking place . . . the number of recent redundancies is frightening.

MEN AND MATTERS

Courting Jose long-distance

Diplomatic stops are being pulled out, I hear, to ensure that Industry Secretary Sir Keith Joseph mets all the right people on his visit to Mexico next week. For the moment he is booked to see his Mexican counterpart and "other ministers," but last-minute efforts are being made to fit in a visit to the most influential man in the country, President Jose Lopez Portillo.

So keen is the Foreign Office to arrange contact that hasty arrangements were made for Norman Cox, our man in Mexico City, to dine in Bermuda at the weekend with the presidential touring party, which had stopped off in the island en route from Europe to Canada.

There is justifiable concern that the president, who because of complex difficulties over protocol, by-passed London on the trip he has just finished around France, West Germany and Sweden, should be kept properly in touch with what Britain has to offer in the Mexican market.

"Perhaps we should think again about joining the EEC."

The value of ardent, top-level courtship was well illustrated in Canada recently when Pierre Trudeau sprang back to power. One of the first things he did was to call President Lopez personally and tell him in fractured Spanish that although he had been invited north by Trudeau's predecessor, the invitation stood. Almost immediately the President's office passed the message through the administration that the Mexican public sector should make efforts to increase business with Canada.

The upshot, it is whispered in the British business community in Mexico, was that a UK engineering firm lost overnight an order worth some millions to a Canadian competitor.

Galactic teddies

I am glad to hear that the Russian cosmonauts are not wasting their time as they meander through the heavens aboard the Salyut 6 space station. It seems they are engaged in moulding plastic models of Mishka Bear, the Olympic symbol. The Soviet Union does not take kindly to ribald comments about this activity. Indeed, it is said to be "a serious attempt to see how plastic behaves in zero gravity."

Rustling votes

As the electoral B-movie of Reagan v Carter lumbers into its first reel, Americans on this side of the Atlantic are not been idle.

Yesterday a U.S. lawyer working in the heart of the City of London heard the good news that she too had scored a preliminary success. Mrs. Joni Lysett Nelson, 41, is one of two expatriate Republicans in Europe elected from six candidates as delegates to the Republican convention in July. Chairman of Republicans Abroad in the UK, and legal adviser to the movement worldwide, Mrs. Nelson is convinced, on the basis of a study made a year ago that something like 60 per cent of Americans abroad will vote Republican: "I wouldn't have taken on the job otherwise."

She is also convinced that the 2m expatriates, equivalent to the 14th largest American state, could and should make a significant difference this time round. One of her platforms is that the expats merit some kind of separate representation. Her other central concern is double taxation, a subject it would be unwise to broach with any American in London prone to depression. "I pay 50 per cent of my income in tax, and I'm a lawyer," says Mrs. Nelson with feeling.

However, on both fronts things are looking distinctly more hopeful. Until the end of 1978 expatriate Americans—already subject to Federal taxation wherever they lived—also found themselves subjected to state income tax if they exercised their vote. The democratic participation of Americans abroad tended, therefore, to be on the meagre side.

Chinese takeaway

Coca-cola and all that it implies has evidently gone to the heads of the Chinese. While health food has been the established fad for some time in the West, China is busy catching up with the delights of the TV dinner.

The rationale, apparently, is to "devote ourselves more fully to the country's drive for modernisation." It was estimated at a national scientific and technological conference in Peking that in each of 30m households in large and medium-sized cities, an average of three hours a day are spent on cooking. "This," observed a Government official, "is a waste of time that could be used for the good of the country."

The 174 food specialists and government administrators at the conference—the first of its kind ever held in China—agreed that development of convenience foods on a large scale would not only save cooking time, but would also offer better nutrition. This is an argument I had not heard before.

Card from Hugh

The battle between the House of Fraser and Lonrho, its largest shareholder, over increasing Fraser's net dividend by 2p, has been compared by certain unkind persons to a fight between your mother-in-law and her landlord: you don't really mind who wins.

This wholesale indifference is entirely lost on Lonrho, whose deluge of harangue and circulars threatens to denude the nation of pulpwood. Fraser has taken a considerably more demure line. Beyond issuing a circular urging shareholders to reject Lonrho's argument when it put down a special resolution for the AGM, Fraser remained silent until yesterday, when a little printed postcard from Sir Hugh Fraser plopped through my letterbox.

"You may receive," it says with quiet ridicule, "yet another letter from Lonrho quite soon but, in any event you can be sure I will write to you to deal with any significant points." An elegant and economical riposte, Sir Hugh.

Dobbin's ducking

To heighten the flavour of authenticity at last weekend's re-enactment of the Rainhill Trials, the organisers decided coal for the steam engines was to be mined locally and delivered by way of canal in a horse-drawn barge. Horsepower, however, is not what it used to be. Quite overcome by the occasion, the four-legged friend enlisted for the historic task held up proceedings for some time by falling into the canal.

Observer

هكذا من الأصل

ITV's southern flank under attack

BY ARTHUR SANDLES

ONLY A few months ago the burning issue in the run-up to the ITV contracts reallocation—putting breakfast television aside for a moment—was speculation about who would be joining the race to toopla Associated Television (the TV subsidiary of Lord (Lew) Grade's Associated Communications) from its Midlands area contract. The Midlands was thought to be tha most tempting bait for tha growing pack of potential hidders.

Now it seems the gossips were looking in the wrong direction. It is the prosperous pastures of England's sonth and south-east which hava recently drawn the greatest attention. Tho defending contract bolder, Southern Television, faces a considerahle array of rivals. Six other companies are eager to take over the running of commercial television in this area, a rush which is matched only hy that for the breakfast franchise and is far beavier than for any other of tha present contract regions. Southorn clearly has a battle on its hands.

It is not difficult to see why this area bas proved such a magnet. Greatly enlarged for the new contracts, which start in 1982, it stretches from the rolling hills of Hardy country in tha West, through a string of comfortably fat coastal resorts, past the urban and indnstrial sprawl of Sonthampton and then via bustling Brighton to the densely populated Medway valley. To the south its signal is largely of interest only to lighthouse keepers and mackerel schools, hut to the north it nibbles into the Surrey stockhroker belt. It is an area which, as a whole, feels recession last and revival first.

So large is it, and so diverse, that tha Independent Broadcasting Anthority considered creating another separate region from tha eastern-most portion. In the end the IBA shied away from Kentish separation—in spite of "some local government representations"—due partly to tha organisational and technical problems involved.

It seized on its own findings that the emphasis of "public demand was "on local programming rather than on any need for a separate company" and has offered a dual franchise — one in wbicb the programmo company bas to provide a degree of separato identity to differing parts of its area.

The IBA's decision to adopt this system comes after a decade of what it sees as the success of a similar axperiment in Wales and the West with HTV. The killing of TWW and its replacement with HTV in 1969 was the bloodletting of that round of contract competition and the fact that the Anthority bas introdnced tha HTV system in both tho South and the Midlands areas in this current rethink would seem to bode wel for HTV's retention of its franchise.

Rivals see it as vulnerable in two fields—ownership and programming

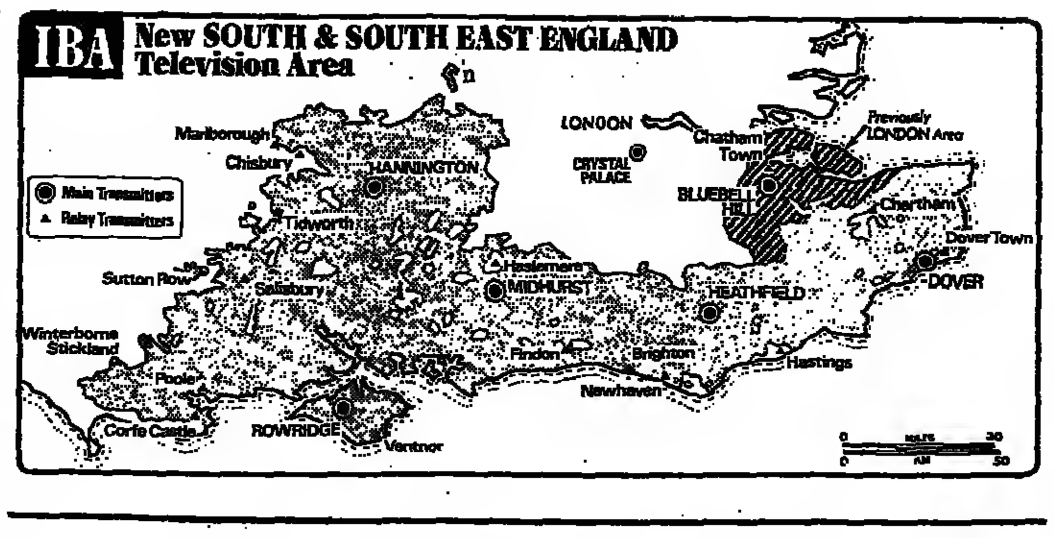
In order to create an area strong enough to sustain such a dual franchise tba IBA has taken away some of the London area audience and asked it to turn its eyes southward instead. It has done this hy removing the Blnebell Hill transmitter from what is now the Thames/London Weekend area and giving it to the newly named South and Sontb East area. As to tha arguments for this transfer, one can bardly do hetter than to quote tha IBA itself.

"Tba Binebell Hill transmitter serves primarily the Medway towns and an area extending south beyond Maidstone, and eastwards along the North Kent coast to include Sittingbourne and the Isle of Shappey. Its coverage also extends some way westwards into South East London.

"Local authorities in the parts of Kent served hy the station have indicated a desire for their aroas to bo served by the contractor covering the rest of the county; and thare bas been evidence from public moetings of a similar desire among viewers. In considering the possibla transfer of the station from the London ITV region, the Anthority took account of the effects that the re-allocation might have on the ITV system. The station has a gross coverage of almost 1.5m people; bnt only 500,000—all in Kent—receivo a hetter signal from Bluebell Hill than from the main London transmitter at Crystal Palace, and not all of these choose to tuno to Bluebell Hill.

"If Bluebell Hill were transferred to the Sonth of England region, it is unlikely that all its potential viawers would cease watching the London ITV servica. The loss of revenue would not be likely seriously to waaken the London companies: and the loss for them would he partly offset by saving the costs of providing local covarage to the Bluebell Hill area."

But there is a great deal more to the temptations of bte South than simply the addition of his aastern tip. Not least of these is that Southern's rivals see the incumbent as vulnerable in two fields—ownership and programming. Southern is owned by the Rank Organisation, Associated Newspapers and D. C. Thomson. For an



SOUTHERN TELEVISION

The defending contract holder serves an area of 6m people, which will rise to 6.5m under reorganisation for 1982. Tho 77-day strike of last antumn hit turnover and profits—1979 turnover was £24.8m compared with £29m in 1978; pre-tax profits dipped from £4.8m to £3m. Spending on programmes, however, rose by £2.3m.

Authority which is putting itself to considerable inconvenience to sound out local views and has made no aecret of its eagerness to encourage local participation in both creative and financial operations, this type of ownersbip may not be considered ideal. Southern has also consistently operated an "arms length" system with its controlling shareholders, and tbere is litle donbt that the competitors will make great play of real or pretended financial democracy.

On the programmo side, Southern is accused of being unadventurous, hut in the past year national viewors will have seen tha tip of tha Southern iceberg with the Worzel Gummidge children's series—"one of the finest things ever made by Southern and it bas hecome virtually overnight, a national institution, said cbairman C. David Wilson in his annual report—and the drama series abont the army, Spearhead.

In fact, as those trying to win the franchise away from Southern will discover, the company shows considerahle flair in local programming. Day hy Day is a bigh qnality news and current affairs series and Southern has lnvolved itself in evertyhing from Clyndebourna ot sea angling. In making a hid a challengars may he ahle to claim the creativo genius necessary for national headline grabhing programmes; ha bas greater difficulty in proving the ahility to cultivate a local adulence at flower sbow level.

The promises, of course, will he made. British Rail Pension Funds and the Charterhouse Croup provide the financial backbone to a group which includes local newspaper pnblishers and the Haymarket Publishing Croup. Early in its application it strikes the Southern's first perceived weakness with the promise that "over half the company will he owned in the southern region." It goes on to suggest that it would build a new studio centro in Maidstona costing "upwards of £7m, and will make around 400 hours a year of programmes exclusively for Kont and East Sussex, compared to the present output of only 100 hours per year from the existing contractor."

But why should Southern, or any other incumhent television franchise bolder, be worried abont such growls from an envious pack of outsiders? Perhaps the answer can be found in a perceptive circular to clients produced recently by TMD Advertising:—"The only way the IBA can exart real pressure on the companies to maintain and improve their programme standards—one of the main reasons for its existence—is by ensuring that none of them can feel absolutely sure of keeping its franchise."

"Equally, the only offective way of ensuring tbat, is to make at least one cbange each time the contracts come up for renowal. Not to do so would be tantamount to saying that it believed all the present companies are discharging their duties with tuniform excetlence and there is no room for improvement.

"The authority must, therefore, be atrongly tempted to sack at least one contractor, nnt only to keep the others on their toes but also to justify its own existence and its elaborate selection procedures."

There have heen other, more cynical observers who have suggested that the introduction of a possible breakfast franchise and the manipulation of some of the present contract areas were simply attempts on the IBA's part to prove that all its thought and consultation had not been for naught. If the IBA system in 1984 is little different from that of 1974, then why did we bother with Annan or the continuing wrangle and dabate on the future of hroadcasting in the middle-1970s and the ensuing report in 1977? The truth is, of course, that the brew needs a stir now and then, even if the ingredients are not necessarily changed.

Nonetheless the belief is that the IBA will ba driven perhaps by reason, and perhaps by psychology, to make some change. Regardless of the strength of the contenders in any particular case, the welght of export opinion is now swinging very much against sucb changes affecting the big five—Thames, LWT, ATV, Granada and Yorkshire. They are the pillars upon which the ITV system is now hased and companies whose experience and strength are going to be needed if a Fourth Channel is to be set up in the midst of a recession.

Among the smaller companies TMD believes HTV, Anglia and Southern to be fairly safe. Its spotlight for danger falls elsewhere, among smaller companies of varying strength. "Without wishing to appear ghoulish, the most vulnerable

The belief is that the IBA will be driven to make some change

contracts would seem to be those of Scottish, Tyne-Tees and Westward, for each of which there are at least two well-found challengers."

There is one element of this debate which is often repeated hut, nnnetheless, is as worrying an aspect of the licence war as the fear of losing the contract—well almost—and so hears repetition. It is the fear of being forced into a marriage with one or more of the rivals. The IBA can make the award of a contract conditional upon changes in the financial or managerial make-up of any group, incumbent or not. The IBA makes the rules, and the biggest rule of all is that it will do what it sees to be best in the viewers' interests.

In each area much is going to depend on the skill of the various presentations but Southern Television must be groaning a little at the thought of havin gin make its case against a larger gathering of rivals han most defending contract holders.

Letters to the Editor

Public sector pay

From Professor A. Clunies-Ross

Sir, — Samuel Brittan's scheme (May 22) for determining public sactor pay is either a pay policy or it is nothing.

If the X which he adds to the standard proportional wage change (for labour shortages, overwbelming social cases or exceptionally strong union coercive power) is fixed by rules interpreted independently of the particular negotiators, it is a pay policy.

If the X is simply whatever value the employing department or enterprise can agree with the unions, then the whole scheme is a mere guiding light, setting a minimum percantage rise in money terms, indexing any settlaments to the extent of 40 per cent, but otherwise leaving us where we are minus only tha nonsense of comparability.

Mr. Brittan even offers prizes for exceptionally strong union coercive power. That unfortunately is the effect of having no pay policy. Without rules to which public sector employers are firmly committed pay-setting becomes a trial of strength. Yet, because any useful pay code must compromise between the need to take account of labour shortages and productivity bargains on the one band and tha need to pay soma regard to customary relativities on the othar, the rules must have a degree of complexity and an arbitral hody to interpret them in cases of doubt.

For the Government to bave rules but to keep them secret, as suggested in your leader of May 20 seems no good expedient in a matter which people consider, rightly or wrongly, to be concerned with justice. If there are two or three main considerations, it ought to be possible to formulate them in a way which can be publicly defended.

The main criticism of pay policies is that they distort labour markets. This objection is partly met if they allow for some adjustment to labour shortages. But I helieve that all experience of negotiation, in both puhlic and private sectors, shows that it is out of the question to ignore customary relativities. That is inevitable whether rules are puhlic and codified or not. I see no reason why better compromises or a better negotiating position should be achieved by rules which are vague or secret than by rules which are both clear and open.

(Prof.) Anthony Clunies-Ross.
University of Strathclyde,
Stenhouse Building,
173, Cathedral Street,
Glasgow.

Hiawatha's timings

From Professor C. Hooley

Sir,—After reading Mr. Ian Hargreaves's interesting articla (May 21) on American railwaya and in particular his remarks on the Milwaukee Road, one may perhaps be excused for looking back on the days of one's childhood with some nostalgia.

In the 1930s the passenger traffic between Chicago and the twin cities of Minneapolis (earlier named St. Antony) and St. Paul was handled hy three competing railways—the Milwaukee, the Burlington, and the Chicago and North Western. Following the announcement in 1934 that the Burlington was introducing an accelerated service through a new fixed formation Twin Cities Zephyr diesel train, the Milwaukee investigated the possibility of a comparable timing being achieved hy a larger train with steam haulage. Tba feasibility of this proposal was established by a probing run between Chicago and Milwaukee with a standard steam locomotive, a speed of 103.5 mph being achieved on that occasion.

As a consequence, the Milwaukee introdnced its Hiawatha train with a specially designed streamlined Atlantic locomotive. This was probably the first steam locomotive that was intended to run at 100 mph or over as a matter of routine; in fact, speeds of up to 120 mph were subsequently recorded during normal passenger service. Needless to say, the Chicago and North Western also responded hy introducing an accelerated aervice. Apparently, moreover, the post-war diesel services of the Milwaukee never matched the Hiawatha timings.

These were stirring and exciting matters for us to read about. Is there anything comparabla in this area today that generates similar excitement and interest?

(Professor) C. Hooley.
Rushmoor Grange,
Backwell,
Nr. Bristol.

The age of the train

From Mr. P. Cobbett.

Sir,—Protagonists of hoth rail and air travel should note that the battle between tha two is hotting up.

The other morning my regular train (an HST) to Paddington, which runs parallel to the approach sometimes used by planes landing at Heathrow, visibly gained on, and finally overtook, an aircraft (admittedly turbo-prop) coming in to land.

P. Cobbett.
23, Longfellow Drive,
Abingdon, Oxon.

Smothered in car fumes

From Mr. N. Albery

Sir,—Whila walking uphill the other day, smothered in car fumes, I noticed for the first time that about 80 per cent of cars—the honourable exceptions being mainly London taxis and some foreign cars—have exhausts fitted on the pavement side of the car, belching out fumes at pedestrians, rather than on the road side.

Just as smokers have separate compartments on the tube, surely cars, at least in cities, should emit fumes towards other cars, rather than towards innocent pedestrians?

Nicholas Albery.
107, Freston Road, W11.

Limitation on 'carry back'

From Mr. J. Clarke.

Sir,—I agree with Mr. Chubb (May 21) regarding the difficulties and injustices which will arise from the proposed changes to the retirement annuity relief legislation and it would be a welcomed amendment to the Finance Bill if the only changes wera the abolition of the £3,000 ceiling and the increase in the percentaga relief, thus preserving the "carry back."

Bearing in mind, howavar, that the Chancellor's objective is to reduce the Inland Revenue's administrative hurden, if the problem really is causad through tha "carry back" provisions (and that is arguahla) then the Bill ought to allow excess premiums to be carried forward indefinitely and for unused relief to be carried forward without time limit: with the "carry back" provisions applying in exceptional circumstances such as the opening and closing years of assessment. This would allow the majority of assessments under tha normal preceding year basis to he raised with reasonahle certainty while preserving excess and unused reliefa for use in subsequent years and thorefore ovarcoming the difficulties raised by the Finance Bill.

Now that stock appreciation relief must be deducted in arriving at "net relevant earnings" this will furbter aggravate the problem concerning the retirement annuity being treated partly as "unearned income." Insurance companies expect a constant flow of annual premiums and if taxpayers are to lose tax relief on premiums paid (thereby converting earned income into unearned income), one can envisage the vast records and staff required by insurance companies in order to calculate the "unearned income" alement of the retirement annuity. It seems to mo that whila tha Chancellor might rednce some Inland Revenue staff requirements he will considerably increase those of the insurance companies! Clearly time has come to discontinoa the distinction between "earned" and "unearned" retirement annuities in these circumstances.

J. L. Clarke.
Longcrofts,
Capel House,
62, New Broad Street EC2.

Boiling the thermometer

From Mr. A. Horsnail.

Sir, — The dramatic rise in sterling recently, tells us that there is something amiss with our carefully prepared policies in the UK. Tha sterling riso does not seem to coincide with tight money markets, slow funding of the public-sector borrowing requirement, a surge in parts of private-sector loans and an inflation rate significantly higher than in other major currency markets.

Money markets may remain tight in circumstances where new short-dated sterling daposits by overseas investors are siphoned out again into profitable arbitrage in "forward" foreign currency exchanga positions. With UK imports and exports of well over £3bn a month, there is planty of "arbitrage" to he had. The profitability and attractiveness of arbitrage comes abont by the big differences in currency interest rates and the large spreads batween "apot" and "forward" positions this creates. It is not a UK phenomenon, but a worldwide development since the start of floating exchange rates and the rise in Organisation of Patroleum Exparting Countries' money surpluses.

Therefore, industrial and other private-sector finance borrowers in need are ready to find other funds and this may upwardly influence recorded data on borrowing. I am suggesting, from these two points, that lower interest rates coold contribute to a solution of the bank lending problem by making arbitrage less attractive.

In the nature of our overseas trading and defence expenditure roles, the UK is dependent, for some of its public-sector funding, in world circumstances where we are all in debt to OPEC, on the Eurocurrency markets and countries like Saudi Arabta. These loans can be made available with less volatility in currency and interest rate markets if we acknowledge two particular preferences of the OPEC investor. "Bills" are preferred to "honds" for the short dates which apply and the maturity gain free of all withholding taxes. Covernments in West Cermany and Japan, recently, appears to he arranging their needs on this hasis.

Regular issues in thet UK of long-dated high coupon honds cannot help the longer-term perspective for reducing inflation. This point has been made in your columns before by the economist at Standard Life Assurance and hy Samuel Brittan.

As a simple-minded person, I have come to the conclusion that intarest rates don't work well as the major tool of monetary policy. If lending is too higb, then direct controls, as the U.S. Federal Reserve Board arranged, are faster acting, non-inflationary and equitable for all concerned. Interest rates are better seen as the indicator of demand and supply for loanahle funds. If this view is meaningful, it could ba unwise to continue to boil the thermometer as we are recording tbe patient's temperature.

A. C. Horsnail.
PO Box 648,
Copthall Close, EC2.

Shareholders rights

From Mr. M. Botley

Sir,—May I add to Mr. W. Heymanson's letter of May 15. I havo attended many AGMs, spoken at all of them, commented on proposals and the accounts, drawn attention to any interesting ratios, e.g. an audit fee being 60 per cent of the shareholders' dividend, and only on the very rarest of occasions have shareholders been willing eithor to support or dissent. I hava however met harsh criticism, aftar meetings for exercising shareholder rights.

There is of course usually someone who is willing to propose a highly flattering vote of thanks to the chairman.

M. Bately.
5 Charlestown Road West,
Davenport,
Stockport,
Cheshire.

Accounting for it

Mr. D. O'Shea.

Sir,—Mr. Eckersley's ignorance of the full symbolism of the Institute of Chartered Accountants' coat of arms (May 20) may be dispelled by an official explanation.

I prefer to regard the tableau, perhaps fancifully, as an allegory of the Rape of Truth by Spurious Accuracy.

Daniel O'Shaa.
93, Palewell Park, SW14

Today's Events

CENERAL

UK: Sir John Greenborough, CBI deputy president, addresses Britisb Export Houses Association lunch, London.

Sir Alex Jarratt, Advertising Assoclation president, presents Britisb Rate and Data advertising awards, London.

Commonwealth Development Corporation annual report published.

Society of Architecture debates "The design of popular bousing would be better without arcbitects," Royal Institution, W1.

Prince Charles opens Mountbatten Wing of King Edward VIII Hospital, Midhurst, Sussex.

Mr. Len Murray, TUC general secretary, gives Granada TV lecture on "The Democratic Bargain," Cuildhall, London.

Overseas: EEC Agriculture Ministers start two-day meeting, Brussels.

EEC Economic and Social Committee two-day plenary sessioo opens, Brussels.

Iran's new Parliament meets for the first time, Tehran. M. Raymond Barre, French Prime Minister, last day of official visit to Norway.

Chairman Hua of China visits Japan.

Sir Peter Gadsden, Lord Mayor of London visits Atlanta, Georgia, U.S.

OFFICIAL STATISTICS

Department of the Environment issues figures for hricks and cement production in April.

COMPANY MEETINGS

Bemrose Corporation, Abercorn Rooms, Bishopsgate, EC, 11.45. Corinthian, Clifton Ford Hotel, Welbeck Street, W, 11.15. Danish Bacon, Hyde Park Hotel, Knightsbridge, SW, 11. Dares Estates, Albany Hotel, Birmingham, 12. Elbar Industrial, 20 Aldermanbury, EC, 10.30. E. Fogaty, Havenside, Boston, Lincs., 2.15. Hinge Investments, 17 Harborne Road, Birmingham, 2.30. John Menzies, 22 Hanover Street, Edinburgh, 12.15. Phoenix Assurance, 4-5 King William Street, EC, 12. Rio-Tioto Zinc, 16 Craven Street, WC, 11. Sun Alliance, 1 Bartholomew Lane, EC, 12.30. Sun Life Assurance, 107 Cheapside, EC, 12.30. Thomson T-Line Caravans, Park Hotel, Falkirk, 12. E. Upton, 175 Linthorpe Road, Middlesbrough, Cleveland, 7.30. Arthur Wood (Longport), Stoke-on-Trent, 12.

Kelsey leaps 79% midterm but cautious on outlook

FOR THE half-year to March 31, 1980, pre-tax profits of Kelsey Indnstries are up 79 per cent to £1.63m against £908,000 and the interim dividend is raised from 1.5p to 2.5p per 25p share.

However the directors warn that in view of the developing recession at home and abroad, they are finding it difficult to forecast results for the year. In 1978-9, the group produced pre-tax profits of £2.24m.

The increase in the interim this time should not he taken as an indication of a mucb larger distribution for the year but the board hopes to matcb last year's 4.5p final.

First balf turnover amounted to £12.19m against £10.85m. After tax of £862,000 (£499,000) earnings per share are stated as 17.9p compared with 10.05p.

Tbe increase in profit has been achieved by rationalisation, boib in manufacturing and contracting, and the latter has also henefited from an exceptionally mild winter wbicb bas allowed more work to be carried out iban usual during this period of the year, the directors say.

Multicore Solders has formed a wholly-owned subsidiary in America—Multicore Solders Inc.—and will shortly complete a new factory in Dallas, Texas, to supply the U.S. market where the group already enjoys substantial exports established over the past 30 years.

Kelsey's American distributors support the view that this development will enbance sales in their country.

The cost of the freehold purchase of the site, and tbe building and equipping of tbe factory, is being met from retained profits, but it is likely that start-up costs will affect profits in tbe second balf of the year.

Activities of the group include the manufacture and sale of solder, solderiog and audio accessories, sealants and mastic compounds and the business of industrial roofing and insulation contractors.

● comment

Slowed last year by losses from a U.S. snbsidiary, Kelsey Industries is off to a very strong start tbis year witb pre-tax profits up 79 per cent. The shares gained 4p to 127p yesterday bot still the prospective fully taxed p/e, if second half results only matcb those of the first half, is only 3.5. The UK roofing contracting business is being slowed by the recession and the strength of sterling is burting export sales of solder, sealants and audio accessories. A solder factory, due to begin production in the U.S. within three months, may remove some of the competitive pressure in that market. The mild winter boosted first half cootracting results so the group's customarily stronger second balf may not materialise. Tbe prospective yield on the compaoy's hope to match last year's final 4.5p net dividend is a reasonable 7.9 per ceot—well covered oo an historic accounting basis.

HIGHLIGHTS

A new runaway pound continues to stun the markets and Lex looks at the impact of foreigners on the gilt-edged market. With Sterling putting even more pressure on the profits of companies Lex examines the latest trends survey from the CBI and discusses the way in which pressures are building up. Two troubled groups, BPC and Grattan Warehouses, come in for comment and Rowe and Pitman has staged yet another "market raid." Lex discusses the way that this and other topics are covered in the Take-over Panel annual report.

Major reorganisation benefits Chloride SA

CHLORIDE, tbe 70 per cent owned South African subsidiary of the UK parent, turned a major reorganisation of its operations into a solid profit advance in the year to March 31, 1980. Pre-tax profit rose 34.9 per cent from R3.4m to R4.6m, while turnover was 16.9 per cent ahead at R39.1m (compared with R33.4m).

On the marketing front Chloride closed aeveral of its own distributioo points and replaced them with independent distributors. Closure of in-bouse brancbes, resulted, according to the directors, in a considerable saving of overheads.

On the production side inatallation of new lead furnaces and bandling equipment contributed to significant operating cost savings.

Most of the company's turnover increase came from improved battery sales for use in fork lift trucks and mining equipment. Automobile battery sales declined, but are expected to Improve as vehicle sales increase during the current year.

In a further move which is expected to enhance this year's sales, tbe company aims at greater penetratioo of the retail battery market througb independent distributors. Helped by that, the directors expect an earnings growth of 15 per cent this year.

Dividends totalling 30 cents (26 cents) have been declared from earnings per share of 70.3 cents (63.8 cents).

Oxley Print. aims for consolidation

The task of Oxley Printing Group in 1980 is to consolidate on the substantial investment of the last three years, rationalise facilities in some areas, and optimise efficiency of operation, says Mr. Peter Brabook, cbairman, in his annual statement.

The directors expect the results of this programme to begin to materialise lo the latter part of the curreot year. However, tbey consider it imprudent to forecast the outcome for 1980.

Pre-tax profits fell sharply from £1.55m to £0.67m last year. One of the main reasons for the setback was difficulties at the web offset factory in Carlisle, where problems encountered in the design specification and commissioning the new £1.2m press proved much more expensive than could bave been expected.

The directors are pursuing claims against the manufacturer in these respects.

A significant amount of reorganisation and rationalisation is underway in the platemaking division, which ran into tosses last year. The cbarman says that althougb fairly substantial redundancy costs will not be fully covered by the consequent release of assets, a basis will be created for a more viable operation.

In the commercial printing division, a major reorganisation programme at the maio factory in Nottingbam will soon be completed at a cost of £1.8m.

The group bad capital expenditure commitments of £3.16m (£0.51m) at the year-end.

P. Panto £232,000 in the red

A PRE-TAX LOSS of £231,675 is reported for 1979 by P. Panto and Company, the wholesale tobacconist, confectioner and toy distributor, compared with a £102,542 profit in 1978. Turnover increased from £25.28m to £27.22m.

Bank interest took £314,738 (£138,057), and there was a tax credit of £90,878 (£45,650 cbarge).

The final dividend, like the interim, is omitted. The total in 1978 was 1.6p. Earnings per 10p share are giveo as nil (1.57p).

The directors say the losses are maloly attributable to the company's three brancbes — where urgent steps are being taken to rectify the situation — and to the downturn in the toy trade and the rise in interest rates.

Benefits from tbe corrective actions being taken are not expected to be clearly visible until 1981.

At the interim stage, the company announced a loss of £58,510 (£92,583 profits).

Grattan accounts qualified over treatment of VAT

THE ANNUAL report of Grattan Warehouses, the main order concern, reveals that the auditors, Artbur Young McClelland Moores and Co., bave qualified the accounts in respect of the company's decision to change its accounting policy for VAT, which had the effect of iocreasing 1979-80 pre-tax profits by £1.97m.

The auditors say that in their opinion, the new policy is not appropriate because it is not in accordance with the accruals concept in SSAP 2.

Mr. Micbael Pickard, the cbairman, tells members in his statement that the system adopted is one of the two used in the mail order industry since the Retailers Special Scheme was introduced and involves the payment of VAT on actual cash collected as against when the invoice is issued.

One of the otber two independent publicly quoted mail order companies bas accounted in this way since 1972.

"As out auditors are the same as the auditors of that company, we reacbed agreement on our cbarges and then, eight days before we were due to release our results, we were informed that they bad cbanged their minds and intended to qualify our accounts," Mr. Pickard states.

"We are very unhappy about their decision and about the way in whicb their decision was made," he comments.

Pre-tax profits for the year ended January 31, 1980, tumbled from £11.28m to £4.45m, on sales, excluding VAT, up 22.5 per cent to £215.4m. On a current cost basis, taxable profits are adjusted to £4.05m (£10.94m). The directors bave since made a number of board changes following a study of the company's organisation by Messrs. McKinsey and Co.

Sales increase in the current year is expected to be less than last time, althougb further extensions bave been made to the company's catalogue and to the number of lines available to agents and customers.

Sales for the first period of the new spring/summer catalogue were encouraging, bnt demand bas eased during the last two months.

Mr. Pickard explains that rapid profit recovery is not anticipated, bnt be remains confident that the group will maintain its competitive position while modernisation programmes are completed. He anticipates tbat the special annnal revenue costs associated with these developments will continue to run at a similar level to last year—at around £1.25m.

While it would bave been advantageous to secure additional long-term finance which would have speeded up the company's recovery programme, the chairman believes that members can look forward to an improvement in the medium term.

Since the end of its last financial year, the gronp has negotiated loan facilities of £40m, of which £15m is a syndicated five-year loan from three banks. Grattan's main trading banker, Barclays Bank, continued to extend the loan of £25m through their subsidiary merchant bank.

At January 31, 1980 group net current assets bad increased from £43.15m to £57.15m, wbile shareholders' funds were up from £49.17m to £52.82m.

Year-end borrowings totalled £33.08m and the group's casb flow forecasts for the balance of 1980 and the first half of 1981 indicate that its present facilities cover anticipated working capital and capital expenditure requirements.

Lex, Back Page

Mr. Michael Pickard, chairman of Grattan Warehouses . . . a rapid profit recovery is not anticipated.

Duport investment continues despite difficult conditions

ALTHOUGH current interest rates are a severe disincentive to investment, the board of Duport has decided that further outlay should continue on projects critical to improvements in efficiency, Mr. E. C. Sayers, tbe chairman, says in his annual report.

Further investments have been made this year on the supporting services to the group's steel plant and these projects are nearing completion.

A pjrogramme bas also been started for improving the efficiency of the re-rolling mills in the Midlands and this project, which offers worthwhile savings, sbould be finished by the end of 1980, the cbairman says.

Plant in the engineering companies is being upgraded and the Anslow subsidiary is buying new plant to compete in new areas of forging activity.

Followiog the reorganisation of the beddiog and furniture interests and with the development of an improved and realistically priced range of products, Slumberland is now poised to make an improved contribution to group results given reasonable market conditioos, the chairman says.

The group's penetration of export markets has been particularly encouraging and exports increased in 1979-80 to £22.49m, desplte the strength of sterling. The steel division increased exports by 73 per cent from £11m to £19m although margins were depressed in intense competition.

For the year ended January 31, 1980, the group reported pre-tax profits up from £5.8m to £6.56m despite a second-balf downturn from £2.56m to £2.42m. CCA profit is reduced to £2.88m after adjustments for additional depreciation, £3.55m, cost of sales, £1.09m, monetary working capital £232,000 and £718,000 gearing.

The cbairman repeats his warning that the effects of the steel strike will be a severe depressant on 1980-81 profits.

Mr. J. Winstanley joined the Duport board on April 1 this year and will become group maoaging director on July 7. Mr. J. H. Russell becomes deputy chairman and will be assisted by Mr. J. M. Paterson and Mr. F. R. Loader.

Meeting, Birmingbam, June 17 at 12.30 pm.

Dealings start in new unit trust

Dealings started yesterday in the new Allied Hambro Government Securities Fund, whose aim is to provide lovestors with the highest reasonable yield commensurate with stability. The trust has been launched to take advantage of the Finance Bill's provision that income from gilts recelved hy an authorised unit trust is to be taxed at tbe basic rate of 30 per cent, instead of the higher corporation tax rate of 52 per cent as previously. This is expected to become law later in the summer.

Income accruing to the fund will therefore be taxed at corporation tax rates initially but as soon as the Bill becomea law, Allied Hambro will move to pass a supplemental trust deed, thereby ensuring corporation tax exemption.

At the initial offer price of 25p per unit, the estimated gross starting yield will be 9.0 per cent, rising to 13.2 per cent on obtaining exemption.

Allied Hambro is waiving the one per cent initial charge if applications for units are accompanied by payment. The dealing spread in this case will be 1.75 per cent.

Allied Plant confident of further growth

Striking an optimistic keynote in his annual statement, Mr. Michael Heathcote, chairman, says the directors are confideot of maintaining the rising trend in earnings and assets per share during the current year at Allied Plant Group, which doubled in size during 1979.

Members are told that the Board is looking at interesting opportunities, both in areas allied to existing operations and for diversification.

As reported on April 30, taxable profits for 1979 jumped by 156 per cent to £1.2m. Earnings per 10p share put on 3.67p at 7.94p aod stated assets per share moved ahead from 15.38p to 24.07p. This growth was made possible by development of companies forming the group and by acquisitions.

These acquisitions were of Edmond (Builders) incorporating Kingston Plumbers, Stan Spruitt, Westcott Development Company, and A. E. Jenkinson. The purcbases were financed by the issue of preference and ordinary shares plus cash.

In a divisiooal review of the year, Mr. Heathcote says the acquisitions enhanced the land bank and building operations of the land development side of the business. "The results achieved by this division have been very successful, particularly during a mortgage famioe."

Of plant hire he says the group's franchise for Datsun fork lift trucks in Yorksbire and Humberside is now on stream and being handled profitably.

Heating, ventilation and plumbing had a successful 12 months and the division will be extended following the completion last week of the purcbase of M. Walker and Son, Hull-based heating and plumbing engineer.

At December 31, 1979, net current assets amounted to £2.32m (£0.43m). There was an increase in working capital of £2.11m (£61,000) and capital commitments authorised and contracted for totalled £891,000 (£50,000).

The annual meeting of the company, wbich embraces plant bire, house building and general contracting, will be held in York, on June 16 at noon.

Harris Queensway well placed

The chairman of Harris Queensway Group, retailer of carpets, furniture and DIY goods, said at the AGM that "although trading in the early weeks of the year was satisfactory, trading conditions during the last few weeks have been less buoyant."

He added, however, that the group was well placed to take advantage of any increaae in consumer spending.

Pre-tax profits reached £8.82m in 1979.

North British Steel shows half-time upturn

Pre-tax profits of North British Steel Group (Holdings) rose in the 28 weeks to April 12, 1980, from £14,000 to £105,000, on sales ahead by £982,000 at £6.03m. For the whole of last year profits before tax fell from just over £1m to £7,000.

Shareholders receive an unchanged interim dividend of 0.66p net, last year's final was 1.363p.

There was again no tax charge for the half-year. Earnings per 25p share were up from 0.3p to 2p.

R2.6m profits upsurge by GIC

Gaining significantly from increased capital spending, particularly in the last four months of the year, Goldfields Industrial Corporation, the 54.6 per cent owned South African subsidiary of B. Elliot, improved pre-tax profits sharply from R1.91m to R4.48m in the 12 months to March 31, 1980.

While turnover for the period showed a 47.2 per cent increase at R35.4m, earnings per share gained 38 cents to 79 cents and the total dividend is lifted from 10 to 17 cents.

Order books for the company's machine tools and general engineering equipment are substantially higher than a year ago, and the directors are confident that the current year will see a further improvement in results.

Until the latter part of last year, Soutb African industrialists had largely delayed purchases of new capital equipment, preferring to let higher demand be satisfled by increasing throughput on previously underutilised plant. The state of affairs is fast ending, witb all indications of a solid capital spending boom for the economy over the next two years.

Last year GIC spent R1m on new plant and equipment and "major further expansion of the group's manufacturing activities is planned." This will be largely funded from internal sources, the directors state.

James Scott recovery

Following the first-half loss of £75,000, compared with profit of £554,000, James Scott Engineering Group returned to profitability in the second six months of 1979 to finish with a pre-tax surplus of £263,000, against £536,000 previously. Turnover of this William Press and Son subsidiary fell from £49m to £42m for the year.

The result included losses of £971,000 (£865,000) from James Scott (Electrical Transmission), but the directors say there are iodications that these losses, which were substantially less in the second half, continue to show a reduction.

Dividends have beeo paid on the first preference shares to January 31, 1978, and on the second preference shares to January 31, 1975. But in view of the continning deficiency on revenue reserves, there are no further payments.

There was a tax credit for the year of £208,000, compared with a £452,000 charge. Extraordinary debits last time were £888,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bertrans ....int.	nil	—	1	—	1
Kelsey Industries ...int.	2.5	July 11	1.5	—	6
N. British Steel ......int.	0.66	July 1	0.66	0.66	2.02
Moran Tea ....int.	5	July 17	5	—	10
W. Pickles	nil	—	9.2	0.2	0.4
Scot. Natl. Trust ...int.	1.95	June 20	1.6	—‡	4.65

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final at least maintained at 3.05p forecast.

SPAIN

May 27	Price %	+ or −
Banco Bilbao	208	
Banco Central	232	+5
Banco Exterior	210	
Banco Hispano	206	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	247	
Banco Urquijo	150	+4
Banco Vizcaya	217	
Banco Zaragoza	200	
Dragados	85	+4
Espanola Zinc	59	
Fecsa	61.2	+1.0
Gal. Preciados	26	+1
Hidrola	66.2	+0.7
Iberduero	62	+0.5
Petroleos	111	+5
Petroliber	59	−1
Sogefisa	107	
Telefonica	54	
Union Elect.	67.5	+1.8

W. Pickles runs into loss and omits final dividend

THE FINAL dividend is being omitted by William Pickles and Co., which suffered trading losses in 1979 and faces recession conditions in the current year.

The increase in VAT and high interest rates led to extreme pressure on margins in the second half, and the textile manufacturer ran into losses of £339,781 for that period, against £100,694 profits last time. This left a pre-tax loss of £102,000 for the 1979 year, compared with profits of £417,000.

The passing of the final dividend leaves the unchanged interim of 0.2p net as the year's payment. A total of 0.4p was paid in 1978.

Mr. Denis Greensmith, chairman, says that although major sections of the company are now starting to produce reasonable profits, he can hold out no high hopes for the current year's results because of their continuing erosion by high closure and reorganisation costs.

It will not be until 1981 that shareholders can look for any significant improvement in the company's affairs, he adds.

However, the directors believe the company—reorganised, re-equipped and with additional management resources—has a potentially bright future.

Net profits for 1979 were boosted to £404,000 (£285,000) by a tax credit of £506,000, compared with a charge of £132,600. Earnings per 10p share are shown ahead from 0.9p to 1.3p.

Turnover rose by £1.46m to £25.32m.

The chairman says the reduction in anticipated sales volume last year had the effect of substantially increasing stock levels. Borrowing powers were increased last month enabling investment to continue and avoiding the necessity of offloading stocks quickly but at substantially reduced margins.

The high level of borrowings and reduced cash flow, eroded further by high interest charges, the virtual absence of temporary employment subsidy and pressure on margins, led to the company's bankers asking for fixed and floating charges, he adds.

The directors agreed to this to enable the reorganisation objectives to be attained. This, with other influences, has highlighted the need to take steps in 1980 further to rationalise the product range and reduce productivity capacity.

Abbotsford Fabrics has been disposed of, and Harrow Fabrics (International) merged with A. C. Freeman and Son, centralising management and distribution in a single unit.

The directors have decided to close the Susy Ware and Co ladies' fashion business during 1980 and to eliminate excess productive capacity in Unwin Sportswear.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Sprayers, Bass, Caravans International, General Stockholders Investment Trust.

Finals—Alfred Dunhill, Headlam Sims and Coggins, International Paint, Monks Investment Trust, New Throgmorton Trust, Takeda Chemical Industries.

FUTURE DATES

Interim—

Brenmall Baird .... June 5

Bertrams in deficit and passes interim

Announcing a loss of £48,000 for the six months to March 31, 1980, compared with profits of £78,000 last time, Bertrams, paper and board machinery manufacturer, is omitting its interim dividend.

Last year's interim payment was 1p net per share, but no final was paid. Pre-tax profits were £85,658 (£67,128).

In March, Mr. A. T. Montgomery, the chairman, said in the annual report that the company had an order book for the current year which should ensure continuous steady working and a good return provided there was no further outside interference.

Turnover for the six months was little changed at £1.67m, compared with £1.66m.

Moran Tea maintains interim

The directors of Moran Tea Holdings have declared a maintained interim dividend of 5p per £1 share for the year ended December 31, 1979—the previous final payment was also 5p per share.

Although Assam is currently suffering from political disturbances, the estates are operating normally and manufactured tea is being sent to Calcutta without undue delay.

The subsidiary company traded profitably during the year although with the loss brought forward and provision for tax, it was not able to declare a dividend, the directors say in their interim report.

In the UK, the sale of three properties is being negotiated while the work at the industrial development site in Manchester has been completed and letting enquiries have been received.

However, the impact of high interest rates is affecting the cost of developments, the directors add.

A crop statement by the Indian tea subsidiary for 1979 shows crop for the season was 2.56m kg (2.59m kg). Sales to the end of March were 64 per cent (66 per cent) of the crop of which 632,090 kg were sold in London at 130.34p per kg (833,129 kg at 121.85p per kg).

A total of 1.01m kg was sold in Calcutta at 88.91p per kg (1.07m kg at 74.22p per kg).

Caledonian Offshore capital plan

At an extraordinary general meeting of Caledonian Offshore Company, shareholders unanimously approved a resolution giving the directors authorisation to call the uncalled capital of the company at the board's discretion.

Caledonian is currently in discussions regarding a participation in a consortium to make application for a block or blocks in the Seventh licensing round of the North Sea.

So that the company is in a position to proceed with such a participation, the board has decided to call the remaining unpaid capital.

Yearlings down ⅛%

The interest rate on this week's issues of local authority yearling bonds is 15¾ per cent, down ⅛ from last week. Issued at 99⅞ they are redeemable on June 3, 1981.

The issues are: City of Liverpool (£2m); London Borough of Redbridge (£0.5m); West Yorkshire Metropolitan County Council (£0.75m); Aylesbury Vale DC (£1m); West Lothian DC (£1m); Tandridge DC (£0.25m); Blythe Valley BC (£0.5m); Crewe and Nantwich BC (£0.5m); Royal Borough of Kensington and Chelsea (£0.5m); Chorley BC (£0.25m); Gravesham BC (£0.5m); Vale of Glamorgan BC (£0.25m); North Bedfordshire BC (£0.5m); Kettering BC (£0.3m); Rochford DC (£0.25m); Rochester Upon Medway BC (£0.5m).

Alnwick DC (£0.1m); Chiltern DC (£0.5m); London Borough of Greenwich (£1m); Test Valley BC (£0.5m); City of Glasgow DC (£1.25m); Wigan Metropolitan BC (£1m).

North Devon District Council is raising £0.25m in two-year bonds at 15⅞ per cent maturing on May 26, 1982.

BIDS AND DEALS

£9.2m share raid on Anderson Strathclyde

BY PAUL CHEESERIGHT

Charter Consolidated, the London mining, industrial and investment house, yesterday raided the market and in less than half-an-hour acquired 10m shares in Anderson Strathclyde, the Glasgow mining equipment manufacturer, at 92p each.

This brought its stake up to 28.4 per cent at a cost of £9.2m. Charter had previously held 775,000 shares.

The market activity caught Anderson by surprise, although the prospect of Charter's intervention had been the subject of Stock Exchange rumours during recent weeks. Charter gave Anderson no prior warning of its intention to build up a holding.

There was no immediate reaction to Charter's move from Anderson yesterday afternoon and no company meeting had discussed the matter.

Anderson shares were trading at 74p in the early afternoon, before the purchase. They moved to the offer price of 92p during the raid, and eventually closed at 79p for a net rise on the day of 3p.

The shares were bought through Rowe and Pitman, the brokers who earlier this year acted for De Beers Consolidated Mines in another swoop on the market to purchase Consolidated Gold Fields' shares.

Charter is part of the Anglo American Corporation of South Africa and De Beers group of companies. Last year it was involved in a substantial shifting of assets around the group and the Anderson acquisition is its first major initiative since then.

It was emphasised yesterday that Charter has no intention of enlarging its stake. The group regards Anderson as an "important addition" to its industrial interests in an area of activity in which it is already involved.

Charter has a stake of about 5 per cent in Mining Supplies, another equipment manufacturer, and it owns Torque Tension, a drilling equipment and mine roof bolting systems manufacturer.

The group has already indicated its intention to develop its industrial holdings and to seek increased industrial earnings from the UK to balance its overseas mining investments.

Anderson's equipment is mainly destined for the coal industry, although it is also used in gypsum, phosphate and potash mining. It has sold equipment to Charter's Cleveland Potash mine and also to Anglo American Coal in South Africa.

In the half-year to last September it incurred a pre-tax loss of £1.4m. Two major strikes prevented the company from winning the benefits which might have accrued from a full order book. But the company predicted it would finish the financial year with profits matching the 1978-79 total of £4m.

Sears emerges to take 20% interest in Asprey capital

Sears Holdings, which already owns jewellers Garrard and Co and Mappin and Webb, has bought 20 per cent of the shares of Asprey and Company, the Bond Street jeweller.

The purchase, which has been welcomed by the Asprey board, is part of a disposal arranged by Morgan Grenfell of 53 per cent of the shares, most of which were formerly held by dissident members of the Asprey family.

Mr. John Asprey, chairman of Aspreys, has bought an additional four per cent of the shares, resulting in him, his immediate family and related trusts increasing their total interest to about 51 per cent.

Mr. Geoffrey Maitland Smith, chief executive of Sears, is to join the Asprey board. Moreover, Mr. Eric Asprey, Mr. John Asprey and trustees representing their interests are entering into an agreement with Sears providing that each party has the right of first refusal if the other chooses to sell any shares and that each must offer a proportionate share to the other of any shares in Aspreys it acquires from a third party.

Mr. Maitland Smith said that Sears does not plan any further purchases of Asprey shares. "This is the limit. It is all we require at this time."

He said Sears had been interested in Aspreys for some time and had looked at it when Alfred Dunhill launched a joint bid for Asprey last month with a Dubai businessman.

The £28.50-a-share Dunhill bid was made possible by a series of bitter conflicts within the Asprey family, resulting in some members selling their shares to Dunhill. However, Morgan Grenfell, working with Mr. John Asprey, made a £35-a-share counter bid. Yesterday, Dunhill sold its 37 per cent stake to Morgan Grenfell for a profit of almost £1m.

Of the remaining Asprey shares, a few have been earmarked for staff. De Zoete and Bevan will begin placing the residual 110,000 shares at £35 with private clients today. Mr. Rex Cooper at De Zoete expects the placing to be completed by Friday.

CONTINENTAL WINE AND FOOD

The British offshoot of H. C. Sleigh of Melbourne has acquired for £1.5m cash a 75 per cent interest in the Yorkshire-based Continental Wine and Food Ltd. Group of Companies, a major importer and distributor of food, wine and leisure products.

Walker sale by Anglo-Indonesian

The Anglo-Indonesian Corporation, the tea and rubber estates group, has sold the entire share capital of Walker Sons and Company (UK) to one of a group of companies controlled by Mr. S. K. Pathak of Dubai. The purchaser plans to develop the Walkers subsidiaries' traditional businesses in Sri Lanka, with special emphasis on civil engineering.

Anglo-Indonesian intends to remain in Sri Lanka, but to concentrate its investment on manufacturing and marketing agricultural machinery and hand tools.

Walkers was acquired by Anglo-Indonesian in 1978 for the equivalent of £526,000. The consideration for the sale is £650,000 of which £250,000 is deferred for six months.

The purchaser has lent Walkers £600,000 to discharge inter-company accounts of that amount, making the total investment £1.25m.

Anglo-Indonesian will have additional cash resources of about the same amount available to it in the UK for the development of its business.

In Anglo-Indonesian's latest published accounts for six months to December 31, 1978, consolidated profits of Walkers and its subsidiaries amount to £82,333. Consolidated net assets of Walkers and its subsidiaries were £798,000.

BRISTOL ERICKSON

Erickson Tool Company of Ohio, a wholly-owned subsidiary of Kennametal Inc., has acquired the outstanding 50 per cent interest in Bristol Erickson.

Bristol Erickson, of Bristol, manufacture rotating tool systems for Europe. Erickson Tool, which already held a 50 per cent stake, was acquired by Kennametal in January this year.

KEW SALES

KEW Industri A/S of Denmark, manufacturer of high pressure water cleaners, has acquired its UK importers, KEW Sales of Penrith. The new Board will be headed by Henry Aitchison, a senior partner of Robert Muckle Son and Hall of Newcastle. Other directors are Christian Ostergaard and Mogens Hansen, of the parent company.

Gasco fails to raise finance for full Saint Piran bid

Gasco Investments has failed to raise the finance necessary to carry out the full £7m bid for the controversial Saint Piran tin mining and property group which was required by the Takeover Panel last month.

It has thus laid itself open to possible disciplinary action by the Panel whose code states that shareholders who buy enough shares to trigger off a mandatory bid must make sure they can put such an offer into effect.

According to Saint Piran yesterday, Gasco wanted to make a general bid at 85p a share, the level required, but had so far been unable to raise enough money. It would, therefore, be wrong to expect any offer, Saint Piran added.

The Panel's April ruling, made in a 24-page report on Saint Piran, called on Gasco, based in Hong Kong, Ruffec of Luxembourg, and Aerolinas Cordoba of Panama to make a full bid for the company.

It found that Mr. Jim Raper, a former Saint Piran chairman, controlled some 37 per cent of Saint Piran through these three companies which had been specially set up through a series of deals. Gasco itself owns just under 30 per cent.

After its meeting on the subject a week ago, the Panel has sent all parties involved a draft of its conclusions, following Gasco's inability to mount a bid.

Saint Piran's shares were suspended at 65p following the Panel's meeting, and the company has made representations to the Stock Exchange on this action.

If none of the parties appeals against the Panel's conclusions, they will be published next week. But there is no appeal on its earlier findings that the three companies must make a full offer.

Both Aerolinas and Ruffec have denied that they are linked with Gasco, said a Saint Piran spokesman. These denials have been passed on to the Panel.

If the Panel does decide on disciplinary action, there is a whole range of sanctions which it can apply, including the sale of the Gasco holding. One or other of these will be brought into play if Gasco and the companies said to be linked with it decide not to appeal.

U.S. company picks up Ferguson Lacey shares

Cook Industries, the U.S. agricultural and insurance group, has bought the bulk of financier Mr. Graham Ferguson Lacey's near 30 per cent stake in Edinburgh General Insurance Services.

The Memphis company is also one of a number of investors believed to be on the point of buying Mr. Ferguson Lacey's 14.6 per cent holding in Arbuthnot Latham, the UK accepting house. Cook already has 9.5 per cent of Arbuthnot, but is expected to end with less than 15 per cent.

Mr. Ferguson Lacey's company, Birmingham and Midland Counties Trust, has placed all of its 1.68m shares in Edinburgh General, with Cook taking 1.47m through a subsidiary, Maecom S.A.

Mr. Ferguson Lacey paid 16p a share for the stake, over £268,000, with the placing, believed to be at 40p a share, raising some £670,000.

The Committee of Lloyd's has been informed of the deal. If any adjustments are necessary to conform with its current ruling on share ownership, then it has been agreed these will be made.

FURNESS WITHY

Furness Withy is expanding its bulk carrier fleet. It has bought a second hand bulk carrier from the Swedish Salen group for $14.5m. The vessel, the 68,820 dwt Pacific Wasa, was built in Yugoslavia in 1972 and is equipped with Sulzer diesel engines. It is due to be delivered in August.

Furness Withy, which is one of Britain's largest shipping companies, was recently taken over by the Hong Kong-based C. Y. Tung group.

DRILLING TOOLS NORTH SEA BIDDER WITHDRAWS

Dawsea, the company formed by Hambros Bank to make an offer on behalf of the National Coal Board pension funds for Drilling Tools North Sea, has withdrawn from the auction in the face of a higher bid from Hedderwick Sterling Commercial Finance Corporation.

The NCB funds, which had already acquired 35 per cent of Drilling Tools' equity before the bid battle began, have now accepted the offer from Plumcloud, the nominee company representing ICFC.

ASSOCIATES DEAL

Buckmaster and Moore, associates of T. Cowie, bought on behalf of discretionary clients, 20,000 Cowie shares on May 23 at 37p.

MINING NEWS

Inco rules out major nickel expansion

BY PAUL CHEESERIGHT

INCO, the Canadian group which leads tha international nickel industry, is to embark on a programme of diversification and is particularly interested in minerals which are not in the same business cycle as nickel.

This bas been made clear by Mr. Charles Baird, the recently appointed chairman. In Toronto be said, "Our basic commitment remains to the metals business, but over time we are going to diversfy somewhat, mainly through acquisitions and internal developments."

The policy of diversification reflects Inco's concern to see that the slump in corporate fortunes which occurred when it was caught with too much nickel on a sliding market in 1977-78 should not take place again.

"Our strategy is clear. With a market share at about 35 per cent of world nickel capacity, we do not see the need to involve Inco in another big, new nickel project," said Mr. Donald Phillips, the group president.

This caution was expressed against the background of uncertainty about future prospects. Inco is expecting a good second quarter and expects to bave no trouble in equalling at least the 1979 figure for total annual profits.

"Beyond tha second quarter, things start to get murky," Mr. Baird noted. "For Inco, the impact of price changes falls on the bottom line since our costs are fairly constant."

Further, Mr. Baird seemed prepared to query the commonly held mining industry view that prospects in the medium term are excellent.

Although Inco bis predicted an annual growth rate for the international nickel industry of 4 per cent, Mr. Baird raised questions of energy availability and the rate at which world economies are likely to grow as reasons for his difficulty in predicting what is going to bappen.

But nickel remains Inco's primary interest and about balf its doubled exploration budget for 1980 will be spent on proving extra ores at Sudbury in Ontario and Thompson in Manitoba.

The remaining half of the budget—some C$13m (£4.78m)—will be spent on looking for other metals. "Uranium is a good example, but we also have early-stage exploration projects in tungsten, chromium, gold and silver," Mr. Phillips said.

The group is laying considerable stress on its joint uranium venture with Canadian Occidental Petroleum at Wollaston Lake in northern Saskatchewan. Both partners plan to spend C$2m this summer on their drilling programme.

Values found so far are practicable for commercial mining and the limits of the deposit, which is near commercial operations of other groups, have not yet been established.

UM MAINTAINS DIVIDEND

Belgium's largest metals concern Union Miniere expects income from dividends this year to be at least comparable with the 1979 figure, according to M Paul Emile Corbiau, the chairman. The company's profits rose by 36 per cent in 1979 to BFr 719.8m (£10.8m), and the dividend was lifted by 25 per cent to BFr 500 a sbare.

M Corbiau said that rising prices beve boosted tbe value of the company's metal stocks by some BFr 350m.

Union Miniere bas stepped up the development of the Thierry copper mine in Canada in an effort to increase output by 25 per cent to 100,000 toones of ore per month by early 1981. If exploration efforts for deep deposits pay off, the new discoveries could prolong tbe mine's life by up to 15 years, M Corbiau said.

Rio Algom wins contract in South Korea

RIO ALGOM, the Canadian uranium producer in the Rio Tinto-Zinc group is to sell 4.2m lbs of uranium oxide to Korea Electric, the state-owned utility between 1981 and 1990. The agreement is subject to Canadian Government approval.

The agreement takes Rio Algom a stage further down the road to the replacement of orders lost when, last year, Tennessee Valley Authority renounced a contract for 17m lbs.

Orders gained since then come to 7.5m lbs, leaving Rio Algom with another 9.5m lbs to sell in a market which bas become very sluggish.

The uranium under contract to Korea Electric will be converted to netural uranium hexafluoride or natural uranium dioxide by Eldorado Nuclear, the Canadian state-owned uranium mining and processing group.

ROUND-UP

CSR has increased its holding in AAR to 97.5 per cent following the finalisation of a transfer of assets between AAR, IOL Petroleum and CSR. The acquisition by CSR of AAR's outstanding 2.5 per cent will be considered by the remaining AAR sbareholders at a meeting to be held in Brisbane on June 13.

Oil industry likely to aid mining

OIL COMPANIES are likely to play an increasingly significant part in the development of the mining industry over the next decade, according to Dr. Jack Birks, a director of BP. He told a conference which began in London yesterday on the National and International Management of Mineral Resources that the oil industry is in a position "to provida the strong capital base that is now required by the minerals industry."

Dr. Birks, who was delivering the fifteenth Sir Julius Wernber memorial lecture of the Institution of Mining and Metallurgy, said that "the investmant shortfall in mineral development during the past five years, because of huge inflation in costs, instability in currency markets, low returns on existing investment, consequent lack of finance and hence general lack of financial incentive may well lead to supply shortages later in this decade."

Help from the oil companies for the mining industry in this context is both appropriate and timely, be said. The oil industry has the size and financial strength to enable it to take a long view, and is now looking to minerals as one means of diversifying away from the risks it faces as energy projects become larger. "The similarity in scale, the need for huge amounts of capital and the international nature of the minerals industry makes it relevant for oil companies," Dr. Birks said.

After identifying a number of general similarities between the two industries—notably that they both operate within the same political and economic environment, and make use of broadly similar technologies—Dr. Birks pointed to one way in which closer cooperation is already developing. This concerns the energy sector.

One of the major fuel sources that be expects to be developed on a large scale is coal, along with tar sands and oil sbales. He believes that both industries have an essential contribution to make to the development of these resources.

Japanese stake in Philippines copper smelter

THREE foreign groups bave been invited to take an equity stake in the Philippines' first copper smelter. The groups concerned are a consortium comprising the Japanese companies Mitsui and Mitsubishi, another Japanese consortium of Marubeni, C. Itoh and Sumitomo, and Billiton International Metals of Holland.

Mr. Constente Ventura, president of Philippine Associated Smelter and Refining, staid that foreign participation will be limited to 32 per cent of the operation's $100m capital.

The $250m smelter, which is to be built on a turnkey basis by the Marubeni consortium, is scheduled to be in operation by 1983.

Greenvale plan to reduce fuel costs

AUSTRALIA'S Greenvale nickel and cobalt joint venturers bave decided to go ahead with a A$45m (£22m) project to cut fuel costs at their treatment plant in Queensland. The partners, **Metals Exploration** and **Freeport Minerals** of the U.S., plan to reduce fuel oil consumption by the installation of a new coal-fired boiler and the conversion of ore dryers to coal firing.

As a result of the project, fuel oil consumption is expected to be reduced by some 45 per cent from the current level of 335,000 tonnes per year. The partners envisage a substantial saving in operating costs, which should increase the competitiveness of Greenvale as a nickel and cobalt producer.

The conversion of the ore dryers is estimated to take 18 months, with the installation of the coal-fired boiler taking some eight months longer. **Babcock Australia** has obtained the contract for the construction work; and **Collinsville Coal** is contracted to supply coal.

Yesterday's announcement follows news earlier this year that the Queensland Cabinet had approved plans to finance the project from internal sources.

Greenvale returned a profit for the first half of the current financial year to June after several years of lossmaking.

Orion sees better underwriting result

THE INCREASING number of incidents in which fraud on an international scale is suspected has given the insurance market cause for concern, stated Sir Antony Part in his chairman's statement accompanying the 1979 report and accounts of The Orion Insurance Company, a member of the Nationale-Nederlanden N.V. Group.

He pointed out that the complexities of international law and the difficulties of ensuring efficient on-the-spot investigation in certain areas created an atmosphere in which criminals could operate with some freedom. Difficult trading conditions in the insurance market would continue to be exacerbated by the problems of combating organised crime, often on a large scale.

Pre-tax profits last year improved 17 per cent from £4.06m to £4.75m, despite a rise in the underwriting loss of the Home Fire Accident and Motor account from £1.65m to £1.98m. Investment income showed a 20 per cent rise from £5.07m to £6m. Profit after tax rose by more then 50 per cent from £946,000 to £1.48m.

Sir Antony referred to the long severe winter in 1979 which caused an unusually large number of claims in both the motor and householder comprehensive accounts. On top of this, the substantial rise in VAT and other inflationary pressures contributed to the disappointing underwriting results. He was more optimistic for the current year, trends so far were more encouraging and be looked for a steadily improving performance in this account.

The chairman also referred to the dramatic increase in the number of supertankers and other large vessels lost in 1979 and to the high number of jet airliners lost, which at 19 was equal to the average of the previous three years. He pointed out that with losses on this scale, there was little prospect for underwriting profits for 1979 accounts.

Waverley Cameron qualified

The computerisation of sales ledgers has caused problems for Waverley Cameron, and led to the qualification of the 1979 accounts.

Mr. Waverley B. Cameron, chairman, describes the results of putting sales records on a computer as "very disappointing," but says that steps have been taken to rectify the situation.

It is the opinion of the auditors that the company has not maintained a controlled system of accounting for debtors since May 1, 1979, the date of the computerisation. As a result the company has been unable to provide a listing of individual debtor balances to support the total sales ledger debtors of £667,577, included in the 1979 balance sheet.

For the year under review taxable profits moved ahead from £288,756 to £378,416 and the chairman says he is confident of maintained progress in the current year.

BASE LENDING RATES

ABN Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremer Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	—	—	2	9.60	—	—	F.292
AKZ P	F.22.50	80	2.20	46	3	—	2.20	F.24
AKZ C	F.25	54	0.70	37	1.50	10	—	"
AKZ C	F.27.50	10	0.20	64	0.80	—	—	"
AKZ P	F.22.50	—	—	5	0.40	—	—	"
AKZ P	F.25	—	—	20	1.80	—	—	"
ARB C	F.65	—	—	14	2.50	—	—	F.65.70
ARB C	F.70	4	0.60	—	—	—	—	"
HEI C	F.60	—	—	—	—	1	6	F.62
HEI C	F.65	—	—	7	3.70	—	—	"
HO C	F.17.50	36	0.80	2	1.60	—	—	F.17.40
HO C	F.20	—	—	20	0.60	—	—	"
IBM C	$55	—	—	1	4¾	—	—	$55
IBM C	$60	22	⅞	—	—	—	—	"
KLM C	F.60	5	7	—	—	—	—	F.66
KLM C	F.70	12	2.20	—	—	5	5.40	"
KLM C	F.80	112	0.40	60	1.60	—	—	"
KLM P	F.60	28	1.50	10	2.50	—	—	"
KLM P	F.70	50	6.70	—	—	—	—	"
KLM P	F.80	22	14.30	—	—	—	—	"
NN C	F.110	26	10.50	66	11	1	12.50	F.121
NN C	F.115	102	5.40	64	2.80	—	—	"
NN C	F.120	22	2.70	7	4.30	—	—	"
PET C	Fr.5500	—	—	5	300	—	—	Fr.5510
PET C	Fr.6000	1	80	—	—	—	—	"
PHI C	F.15	—	—	5	3.20	—	—	F.16
PHI C	F.17.50	19	0.20	54	1.30	15	1.70	"
PHI P	20	83	0.20	52	0.60	56	0.90	"
PHI P	F.20	59	2.20	—	—	6	2.50	"
PRD C	$65	—	—	—	—	6	3⅞	$235⅛
RD C	F.150	6	11.40	1	11.80	—	—	F.158.80
RD C	F.160	45	4.50	185	7	—	—	"
RD C	F.170	58	1.10	29	2.80	—	—	"
RD C	F.150	16	2.10	—	—	—	—	"
RD P	F.160	—	—	1	10	—	—	"
T C	$55	—	—	10	1⅞	—	—	$53⅞
UNI C	F.115	1	1	20	3.50	—	—	F.110.80
UNI C	F.120	—	—	2	1.30	2	1.50	"
XRX C	$50	—	—	—	—	1	9⅛	$55⅞
XRX C	$60	—	—	—	—	4	3⅞	"
		Aug.		Nov.		Feb.		
BA C	$35	—	—	—	—	4	4¾	$54½
BA C	$40	—	—	1	1⅞	—	—	"
MMW C	DM.110	—	—	1	10	—	—	DM118.80
MMW C	DM.120	—	—	2	5	—	—	"
MMW C	DM.130	—	—	1	0.70	—	—	"
OXY C	$20	—	—	—	—	5	5	$25
OXY C	$25	—	—	1	2⅜	—	—	"
SLB C	$110	1	6¼	—	—	—	—	$111⅛
SLB C	$120	2	2⅛	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 1374
C=Call P=Put

CSI AND TAKEOVER PANEL

Shareholders rights the next issue

BY CHRISTINE MOIR

THE THORNY question of shareholders' rights is the next subject to be studied by the Council for the Securities Industry, Mr. Patrick Neill, the chairman announced yesterday when he presented the annual reports of the CSI and the Takeover Panel.

The terms of reference of the study have yet to be finalised but one major issue will almost certainly be non-voting and restricted shares.

Pressure for the study has come from the National Association of Pension Funds which has recently expressed strong opposition to companies which issue different classes of shares.

The new study could result in the fourth major report from the CSI which has now completed its second year. Yesterday Mr. Neill referred to the council's report on the Department of Trade's method of carrying out company investigations and the two codes of practice deliberated last year.

The new Code of Conduct for Dealers in Securities was published yesterday. It differs little from the widely circulated draft code except that licensed dealers will now be permitted to deal in shares suspended on the Stock Exchange "short of making a market" in them.

The code also tightens the rules on conflict of interest by reminding dealers that where conflicts between their own and clients' interests arise they may have "to refuse to deal."

The second draft code published last year, covering the responsibilities of issuing houses and brokers sponsoring new issues, however has been abandoned.

The draft was met by considerable criticism particularly on the grounds of being too detailed, Mr. Neill admitted.

Now a "statement of a sponsor's general responsibility" is to be added to the introduction of the Stock Exchange's "Yellow Book" of rules governing listed companies.

"Experience will show whether it is desirable to amplify the statement in the future," Mr. Neill said, adding later that he thought there would be a number of accretions to it by way of practice notes.

Lord Shawcross makes his final report as founder-chairman of the Takeover Panel.

Lord Shawcross's final report as chairman of the Takeover Panel—he is to be succeeded by Sir Jasper Hollom, former deputy governor of the Bank of England—also raised a number of important issues.

One immediate concern is the consequence of the abolition of exchange controls on the control of overseas bidders. Under the old system, Lord Shawcross pointed out, the Bank of England could refuse permission for foreign interests to buy more than 10 per cent of a UK company. That potential sanction has now been removed.

A related problem arises from the need to redefine a local company. The Panel suggests that the new definition proceed by excluding non-resident companies. Non-resident companies are those "incorporated outside the United Kingdom" or where the "head office and place of central management and control are situated outside the United Kingdom."

Irish companies listed on the Stock Exchange would continue to be classed as local companies.

Much of Lord Shawcross's report was devoted to problems arising from the build up of foreign interests in local companies, such as Consolidated Gold Fields and St. Piran.

Under the Companies Acts, owners of 5 per cent of a company's shares are required to disclose their interest. However, Lord Shawcross pointed out, the disclosure rules do not cover parties acting in concert which together have more than 5 per cent.

He called upon the Department of Trade to amend the forthcoming company legislation to cover such cases. He also demanded measures to "ensure that companies are not for long kept in ignorance of significant changes in the ownership of their shares by transferees deliberately delaying registration."

Another aspect of the Companies Acts which had proved inadequate, Lord Shawcross said, involved the details of disclosure. At present shareholders simply have to disclose the name of the interest holding the shares. "The answer may be true but totally uninformative," he pointed out. True beneficial ownership may lie several stages behind the named company.

"United Kingdom companies might do well to include in their articles of association express powers to disenfranchise from voting rights any shares held by intermediaries or others where the ultimate ownership was concealed or where the Panel has found there to be breaches of the Code in relation to disclosure of control."

The accounts of the CSI reveal an overall deficiency of £48,000 for the year to the end of March. The budget for the current year projects a surplus of £10,000.

However this could vary considerably and the Council warns that it may have to raise the levy from its current level of 60p per transaction.

Regulations planned to fight hazards of polyurethane foam

BY OUR INSURANCE CORRESPONDENT

LAST WEEK polyurethane foam figured twice in Ministerial pronouncements to the Commons: on Tuesday, when Mr. Whitelaw, Home Secretary, forecast new regulations to control the display of polyurethane foam-filled furniture in shops and stores: and again on Thursday when Mrs. Sally Oppenheim, Minister for Consumer Affairs, promised new regulations on the flammability of furniture upholstery to protect us all from the consequences of fire in the home.

So polyurethane foam is currently one of the villains of the piece commercially and domestically. Commercially because the presence of such furniture was a substantial contributory factor to the £2.5m fire at Manchester Woolworth's last May, and the deaths of 10 people there. Domestically because the number of deaths in the home resulting from furniture fires has trebled in the last two decades, although the number of such fires has not increased.

Mr. Whitelaw was making his statement following publication of the report on the Woolworth fire, made by the Planning-Legislation Sub-Committee of the Central Fire Brigades Advisory Councils for England and Wales and Scotland Joint Fires Committee.

The report, published last Tuesday, makes it abundantly clear that if sprinklers had been installed at Manchester Woolworth's, the people on the second floor, where all the deaths from fumes occurred, would have had more time to escape: so the presence of polyurethane foam furniture was only part of the story.

On the sprinkler aspect, the report suggests that the 1971 Fire Precautions Act could be amended to require the installation of sprinklers in department stores—theoretically a fine suggestion, but one which, if implemented, would quickly overstretch the resources of the sprinkler installers unless the programme of installation were to be phased over some years.

Coming back to the polyurethane foam problem, the Home Secretary has authorised research to devise new controls under section 12 of the Fire Precautions Act. At the same time, other legislative amendments are in hand, guides to standards are to be prepared and in due time fire authorities and the retail trade will learn of the recommendations (or change. So will insurers, who have considerable interest in any potential alleviation of British fire wastage, currently reckoned to cost over £1m a day in direct damage alone.

Almost certainly some or all of the report's recommendations will soon be implemented—most probably polyurethane foam furniture will have to be stored in areas where the public has no access, and will have to be displayed in fire-separated compartments or areas with sprinklers.

Mrs. Oppenheim's comments on Thursday emphasise the extent of the problem: speaking of the call by the Fire Brigades Union for a complete ban on the use of polyurethane foam in furniture, she pointed out that many alternative fillings are available, all combustible and many with high fire hazards.

On the domestic front, the plan is to make regulations to require upholstered furniture sold for home use to pass tests for resistance to ignition from such obvious sources of fire as cigarette ends and matches. At the time of sale, furniture will have to bear appropriate warning labels; these regulations are likely to be operational by the autumn of 1981.

RESULTS AND ACCOUNTS IN BRIEF

ROBERTS, ADLARD AND CO. (Builders' merchant)—Results for 1979 already known. Current assets £4.82m (£3.87m), current liabilities £2.62m (£2.07m) including bank overdraft of £253,419 (nil), increase in working capital £359,983 (£588,992). Meeting, 116, Pall Mall, SW, June 13 at noon.

SHILOH SPINNERS—Results for year to March 29, 1980, with prospects for current year, already reported. Fixed assets £1.03m (£911,279). Net current assets £1.35m (£1.33m). Meeting, June 18, at Royton.

BOWTHORPE HOLDINGS—Results for 1979 already reported. Fixed assets £11.5m (£12.28m). Current assets £26.65m (£22.4m) and liabilities £13m (£11.1m). Chairman says that in UK group there is indication of fall-off of orders, while overseas there is cautious view for optimism. Meeting, Crawley, West Sussex, June 17 at noon.

BOOYCOTE INTERNATIONAL—Results for 1979 with prospects for current year reported April 23. Fixed assets £8.4m (£8.7m). Net current assets £7.82m (£6.22m). Meeting, Manchester, June 17 at 12.30 pm.

A. AND C. BLACK (publishers)—Results already known. Fixed assets £487,995 (£418,635), net current assets £1.02m (£1.04m). Increase in working capital £150,712 (£156,237). Meeting, 35, Bedford Row, WC, June 12, 3 pm.

QUEST AUTOMATION—Results for year to February 29, 1980, reported on May 3. Fixed assets £501,000 (£411,000); net current assets £2.3m (£852,000); net increase in working capital £1.54m (£365,000). Chairman says company is looking forward to continued growth and, subject to the uncertain economic situation is confident of improving results.

ESTATE DUTIES INVESTMENT TRUST—Results for year to March 31, 1980 already known. Investments £23.89m (£21.24m) comprising unlisted £18.57m (£15.46m), listed £1.18m (£1.22m) and Government stocks £4.14m (£3.56m), net liquid funds increased £0.39m (£1.42m). Meeting, Skinners' Hall, London EC, June 17 at 12.15 pm.

ALBERT MARTIN HOLDINGS (clothing manufacturers)—Results for 1979 already known. Fixed assets £5.82m (£4.02m) after £1.65m expenditure principally on additional factory space. Net current assets £2.12m (£3.62m). Increase in working capital £1.96m (£1.27m). Chairman says continued emphasis is being placed on developing new merchandise and additional markets. Meeting, Albany Hotel, Nottingham, June 8, noon.

CARDIFF PROPERTY COMPANY—Pre-tax profit for six months to March 31 £20,554 (£11,520), turnover £50,379 (£398,829), tax £2,718 (£4,900). Profit includes £12,854 on the sale of the maltings. Directors say results were affected by £15,300 loss in the final period of malt trading. Interim dividend unchanged at 0.6p. Total last year 1.6p.

FASHION AND GENERAL INVESTMENT—Pre-tax profit for year to March 31, 1980, £152,279 (£154,942). Tax £50,564 (£52,011). EPS 6.8p (6.9p). Final 4.5 making 6.6p (5.61p).

British Shoe Corporation (subsidiary of Sears Holdings)—Turnover for year to January 31, 1980, £618.45m (£541.92m), pre-tax profit £77.41m (£77.6m) after interest £5.24m (£2.57m) and non-trading items (credits) £1.45m (£1.22m), tax £27.1m (£37.38m), attributable £50.3m (£40.22m). SSAP 15 applied, comparatives adjusted.

SEARS ENGINEERING (subsidiary of Sears Holdings)—Results for 1979. Turnover £198.3m (£185.28m), pre-tax loss £8.63m (£214,000 profit) after interest £6.83m (£3.43m), non-trading items (debits) of £115,000 (£16,000) and no exceptional debits (£761,000). Tax credit £5.94m (£2.87m), attributable loss £2.69m (£3.08m profit). SSAP 15 applied, comparisons adjusted.

NORMAN HAY (electroplating engineers)—Results for 1979 reported April 24. Fixed assets £1.21m (£1.13m), net current assets £1.1m (£0.87m). Increase in working capital £150,324 (£57,095). Meeting, Excelsior Hotel, Heathrow Airport, June 26, 11 am.

BOOSEY AND HAWKES (music publisher and musical instrument manufacturer)—Results for 1979 reported April 19. Fixed assets £2.01m (£2.02m), net current assets £6.15m (£6.27m). Increase in net bank borrowings £1.67m (£255,000) due mainly to inventory at Edgware factory and increased warehouse and electronics stocks. Meeting, Cafe Royal, W1, June 18, noon.

BRITISH-BORNEO PETROLEUM SYNDICATE—Results for year to March 31, 1980, reported May 16. Listed UK investments (at or under cost) £2.95m (£2.97m). Listed overseas (at cost) £312,000 (£592,000). Stock exchange value of UK listed £11.38m (£11.08m). Listed overseas £455,000 (£838,000). Group net current liabilities £409,000 (£266,000). Decrease in working capital £37,000 (£59,000). Commitments for capital expenditure on exploration in Canada not provided for in the accounts £230,000 (£284,000). At April 23, Consolidated Gold Fields hold 26.41 per cent of the company. Meeting, Winchester House, EC, on June 18 at noon.

CAMREX (HOLDINGS) (coatings manufacturer and corrosion engineer)—Results for 1979, and prospects, reported May 15. Group fixed assets £3.74m (£3.11m). Net operating assets £6.27m (£5.69m). Net liquid liabilities £2.4m (£0.55m assets), including bank overdrafts £2.99m (£0.15m). Shareholders' funds £7.97m (£8.13m). Meeting, Great Eastern Hotel, EC, June 18, noon.

INDUSTRIAL AND GENERAL TRUST—Results for year ended March 31, 1980 already known. Investments listed in GB £133.41m (£149.81m), abroad £44.71m (£49.19m), unlisted £13.25m (£6.11m). Net current liabilities £3.39m (£0.87m). Uninvested funds decreased by £1.57m (£49,000). Chairman expects that company's income will continue to make satisfactory progress. Meeting, Winchester House, EC, June 19, at 12.45 pm.

SECCOMBE, MARSHALL AND CAMPION (discount house)—Results for year to April 30, reported May 9. Loans secured on assets of the company £103.05m (£96m). Bills discounted at cost £84.01m (£70.53m). Sterling negotiable certificates of deposit at cost £7.15m (£23.28m). Investments £14.08m (£5.97m). Meeting, 7 Birchin Lane, EC, June 13, 3.30 pm.

CITY OF OXFORD INVESTMENT TRUST—Results for year to March 31, 1980 already reported. Investments £4.76m (£5.01m). Unrealised appreciation £1.17m (£1.76m). Chairman says for current year, revenue increase will be more modest but it is hoped to distribute in total at least the same amount as last year. Meeting, 41 Bishopsgate, EC, June 18 at noon.

CO-OPERATIVE BANK (subsidiary of Co-operative Wholesale Society)—Operating profit for year to January 12, 1980, £6.24m (£5.58m) before tax £216,000 (£584,000). Retained £5.94m (£4.64m). Liquid assets £135.14m (£99.86m). Investments £89.35m (£101.55m). Customer and other accounts £345.43m (£233.3m). Current liabilities £542.59m (£432.43m).

REVERTEX CHEMICALS—Results for 1979 already reported. Fixed assets £16.92m (£14.04m). Net current assets £5.3m (£5.58m). Meeting, Harlow, Essex, June 4 at noon.

SOUTHAMPTON IOW STEAM PACKET—Results for 1979 already known. Increase in ship mortgage loans £508,476 (nil); increase in working capital £1.3m (£670,412); increase in cash and bank balances £95,801 (454 decrease). Chairman says company cannot expect to continue the steeply upward trend in profits of recent years. But he sees no reason why 1980 results should not be in the bracket of those for 1978 and 1979. Meeting, Post House Hotel, Southampton, May 21.

PERCY LANE GROUP (manufacturer of window assemblies)—Results for 1979 already known. Fixed assets £3.63m (£3.31m), net current assets £1.26m (£1.45m). Mr. R. P. Lane, the chairman, says prospects remain very uncertain, but the group has made a firm start to 1980 which gives some grounds for hoping for modest progress. Meeting, Excelsior Hotel, Birmingham, May 21, noon.

CARPETS INTERNATIONAL—Results for 1979 reported March 28 in preliminary statement with prospects. Group fixed assets £29.49m (£28.85m). Net current assets £29.26m (£28.4m). Net borrowings increased £1.94m (£0.38m decrease). Meeting, 34, Berners Street, W., May 21, at 12.30 pm.

BIFURCATED ENGINEERING—Results for 1979 reported April 11 in preliminary statement with prospects. Group fixed assets £3.29m (£3m). Net current assets £3.7m (£3.69m). Short term borrowings increased by £1.5m (£366,461 decrease). Britannic Assurance Company, held 11.96 per cent of equity at April 3. Meeting, Aylesbury, Bucks., May 22, noon.

REED EXECUTIVE (Employment agency and drugstore operator)—Results for 1979 and prospects published April 1. Group fixed assets £4.24m (£3.08m), net current assets £1.58m (£2.02m). Increase in working capital £84,000 (£1.03m). Historic pre-tax profits of £3.16m (£1.81m) reduced to £2.81m (£1.54m) on CCA basis.

SPEAR & JACKSON INTERNATIONAL (manufacturer of steel, saws and garden and hand tools)—Results for 1979, and prospects, reported April 24. Historic pre-tax profit of £1.87m (£1.83m) reduced by £1.18m (£0.87m) on CCA basis. Group fixed assets £6.59m (£6.46m), net current assets £6.03m (£7.32m). Net inflow of funds £1.08m (£3.1m). Professional property revaluation at year-end showed £3.65m surplus over book value. Meeting, Chartered Accountants' Hall, EC, May 23, 11 am.

FEB INTERNATIONAL (manufacturer of chemicals and retail distributor of building materials). Results for 1979 reported April 3. Group fixed assets £2.13m (£1.98m); net current assets £792,000 (£618,000). Increase in working capital £175,000 (£77,000). Chairman expects trading conditions to be difficult in 1980 for both divisions, but he believes company will be able to report further growth and improved profitability in a year's time. Meeting, Swinton, Manchester, May 20, 10.30 am.

NORTH AMERICAN NEWS

Currency translations hit Massey Ferguson

By Robert Gibbens in Montreal

IMPROVED SECOND quarter earnings are reported by Massey-Ferguson, the major farm and industrial equipment manufacturer, but currency losses left the group with sharply lower net income and a loss per share for the half-year and the the company warns that it could have an operating loss for the full fiscal year.

Earnings were U.S.$15.8m, or 76 cents a share in the second quarter ended April 30, against $10.8m, or 47 cents a share, a year earlier, excluding net foreign exchange losses. Sales were $844.7m against $743m previously.

For the half-year earnings were shown at $3.2m, equal to a loss of 4 cents a share, compared with $34.2m or a profit of $1.64 a share on sales of $1.5bn, against $1.3bn. The figures include net foreign exchange losses of $31.5m against net exchange gains of $12.9m a year earlier.

Operating net profit for the half-year was $34.8m, against $21.4m, Massey-Ferguson said.

Massey-Ferguson said the company could have an operating loss for the entire year because of the downturn in the North American farm machinery market.

Massey-Ferguson added that the sudden and rapid downturn in retail farm machinery sales in North America during the usually strong spring sales months resulted in a significant increase in the company's receivables to $1.03bn in the second quarter from $696m a year ago.

However, despite the impact of worldwide inflation and of higher foreign exchange rates generally, the group maintained a major part of its operating expenses at levels consistent with the sales decline.

The group said the exchange gains or losses reported in the periods were due primarily to the translation of foreign currency financial statements into U.S. dollars and are for the most part unrealised.

Meanwhile, the group's president, Mr. Victor Rice, was named chairman and chief executive, replacing Mr. Conrad Black, who continues as chairman of the executive committee.

Mr. Black said in a statement the move is part of the next phase of the reconstruction programme of the company begun by him and Mr. Rice in 1978. This planned move reflects the fact that the operational changes in the company are now largely completed, he said.

"The principal task now remaining is the necessary infusion of new equity," Mr. Black stated.

These moves would allow the company to pursue all possible sources of such refinancing and Argus Corporation, the company's largest shareholder, plans to participate in this refinancing, he declared.

Firestone pushed to $52m deficit by closure costs

BY IAN HARGREAVES IN NEW YORK

FIRESTONE TIRE and Rubber, the second largest U.S. tyre manufacturer, yesterday reported a $52m loss for its most recent quarterly period and warned that there was no possibility of significant improvement until the motor industry and the U.S. economy "demonstrate sustained improvement."

Most of the loss for the company's second fiscal quarter to the end of April, resulted from a previously announced $49m charge resulting from the planned closure of a quarter of its U.S. tyre production capacity.

The loss compared with earnings of $33m in the same quarter last year. Sales fell to $1.29bn in the quarter just completed from $1.35bn a year ago.

For the first six months, Firestone recorded a loss of $66m on sales of $2.46bn.

Firestone, in explaining its losses, added to the usual U.S. tyre industry litany of weak demand from the motor companies, slower replacement business because of declining car usage and fierce competition, with the additional negative factor of pricing problems in South America. The absence of government approval for price increases in Brazil and Venezuela had "substantially affected international results," Mr. Richard Riley, the chairman, said.

The company also had a heavy foreign exchange loss, at $16.8m in the first half, up $10m from the same period last year.

Firestone's U.S. closures this year came after a string of similar shutdowns in Switzerland, Sweden, London and Australia in the previous year as well as in the U.S. and Canada.

Most of the facilities closed where those making conventional cross-ply tyres, which have seen their market share drop as the longer-lasting radial ply tyre has taken its place and at the same time reduced overall demand for replacement tyres because of its longevity.

Other major U.S. tyre groups have also undertaken closures, with Uniroyal setting the pace in Europe with the sale of its tyre operations there to Continental Gummiwerke of West Germany.

Goodyear Tire and Rubber, the U.S. industry leader, and Firestone both this year have had the credit rating on their debt cut by Standard and Poor's, the U.S. rating agency.

Quebec court upholds legislation on expropriation of Asbestos

BY OUR MONTREAL CORRESPONDENT

THE QUEBEC Superior Court has found that the Quebec Government's law to expropriate the assets of Asbestos Corporation in the province is constitutional.

Asbestos Corporation, which has been fighting takeover by the provincial government for nearly three years has argued the law was beyond the powers of the Quebec National Assembly and interfered with federally regulated international trade and with the rights of a federally chartered company.

These arguments were rejected by the court, which maintained that a provincial government had the right to expropriate natural resources. Under the Canadian constitution the provinces have jurisdiction over natural resources.

Asbestos Corporation, 54.6 per cent owned by General Dynamics of the U.S., has 10 days in which to signify whether it will appeal. The company said yesterday it intended to appeal against the decision.

Quebec passed the expropriation laws last June and the legislation was almost immediately challenged by Asbestos Corporation on a series of constitutional grounds.

● Rising costs, especially for fuel, brought a C$5m ($4.3m) loss for Air Canada, the national airline, in the first quarter of 1980, compared with a C$3.6m profit a year earlier.

The airline warned that higher fares would be needed beyond the 9.5 per cent increase which became effective on March 1 and a 2.4 per cent increase due on June 1.

The current economic climate in North America and overseas presented a "serious risk" for the balance of the year and the profits would be below those of 1979 when the airline earned C$55.4m.

A & P to double common stock

BY OUR NEW YORK STAFF

THE Great Atlantic and Pacific Tea Company (A & P), the grocery chain which recently found itself a new chairman, plans to double its authorised common stock as a safety net for future equity raising possibilities in the wake of a rights issue currently under way.

A & P, in its proxy filing for its annual meeting and in separate filings with the Securities and Exchange Commission, also revealed for the first time details of the remuneration package used to tempt Mr. James Wood into the chairman's post from his previous position as head of Grand Union, the U.S. supermarkets chain owned by Cavenham.

The documents also revealed that A & P's chief financial officer, Mr. Richard Doyle, has resigned from the company following a reorganisation of his responsibilities.

All these changes reflect the determination of Tengelmann, the West German group which owns 47 per cent of A & P, to turn around the troubled company and to pave the way for a successful chairmanship for Mr. Wood.

The rights issue is an attempt to raise more than $50m by offering to existing shareholders 12.5m new common shares.

Tengelmann has made it clear that it will take up all its options plus any options not taken by other shareholders. This could raise the German stake to as much as 65 per cent.

The contract signed between Tengelmann and Mr Wood, an Englishman who built his reputation in various posts for Sir James Goldsmith's retailing interests, provides for huge payments to Mr Wood if A & P becomes successful.

In addition to a $400,000 a year salary and a $300,000 one-time payment this year, Mr Wood will be entitled to annual bonus payments of between $900,000 and $1.2m according to company profits. To qualify for the higher figure, A & P would have to earn $120m pre-tax, compared with the loss of $3.8m last year.

In addition to these payments, which are fairly standard for top U.S. executives, Mr Wood's five-year contract provides for a remarkable stock appreciation clause. Tengelmann has issued to him what it calls "phantom stock units" initially equal to 10 per cent of Tengelmann's own holdings in the company, which means a minimum of around 5 per cent of A & P's entire outstanding common.

Mr. Wood will be entitled, so long as he stays with the company for his full contract, to the difference between $4 and the market value of his phantom shares after 1985. That differential at present is just over $1 per share, which would give Mr Wood a payment of $1.2m.

Brazil raises DM 150m Eurobond

By Francis Ghilès

BRAZIL HAS closed the Deutsche Mark foreign bond new issue calendar for May with an eight-year public bond issue of DM 150m. The borrower is paying a coupon of 9¼ per cent and the issue has been priced at 99½. Lead Manager is the Deutsche Bank.

If the effects of the double taxation treaty between Brazil and West Germany are taken into consideration, the yield on this issue—9.34 per cent—comes close to 11 per cent for domestic West German investors. Tax benefit from the treaty means that German investors are deemed to have paid withholding tax in Brazil and are able to get a tax credit from the German income tax office.

Outstanding foreign Deutsche Mark bonds for Brazilian borrowers currently yield around 9¾ per cent: for instance the 7½ per cent Brazil bond to 1987 yields 9.8 per cent. Such yields are more than 100 basis points above the yield on the outstanding paper of some other Latin American borrowers.

Bonds outstanding for Mexican borrowers are currently yielding just above 8½ per cent, which is very much in line with the market. For instance, the 6 per cent bond to 1985 for the United States of Mexico currently offers a return of 8.55 per cent.

Initial reaction suggests this latest issue for Brazil will meet with a good reception.

Most sectors of the international bond markets were steady yesterday with some slight price gains. In the U.S. dollar sector the rise in some prices by up to one point was explained by dealers as "catching" up on what happened in New York last Friday.

Buying activity in the dollar sector was said by most dealers to be well below last week's levels. The slight weakness in the U.S. currency, following the fall of many U.S. banks' prime lending rate to 14 per cent yesterday, did little either to encourage or discourage investors.

Sterling-denominated bonds posted gains of up to 1¾ points. Foreign investors are still very much in evidence here, buoyed by the strength of sterling.

In the domestic D-Mark market yesterday the Bundesbank sold DM 120m worth of paper to satisfy investors' appetite. In the Swiss franc sector, FGH Hypotheekbank, the Dutch bank, is arranging a Sw.Fr 50m ten-year bond with a coupon of 6 per cent. Lead manager is Banque Gutzwiller.

Macks Store in the red

By David Lascelles in New York

MACKS STORES, the North Carolina retailing chain in which KBB of the Netherlands plans to buy a majority stake, yesterday reported a loss for the first quarter of $138,000. This compared with a profit of $147,000 in the same period last year. On a per share basis, this loss amounted to 13 cents compared with the previous year's gain of 14 cents.

Sales in the first quarter were up sharply, from $11.9m to $14.3m.

Macks attributed the loss to markdowns needed to pare stocks, and an increase in its Lifo estimate.

Macks Store operates in the south-east of the U.S. and has annual sales of about $60m. KBB is to pay $7.5m for 51 per cent of the company.

McDonald's lifts dividend

By Our Financial Staff

McDONALD'S, now the dominant force in the fast-food restaurant industry is to pay more. At the annual meeting in Oak Brook, Illinois, yesterday, Mr. Ray Kroc, McDonald's Corp. senior chairman, told shareholders that the directors decided to increase the quarterly dividend 43 per cent, from 14 cents to 20 cents a share.

Mr. Fred Turner, chairman, also told shareholders that the company's outlook for the rest of 1980 was excellent despite current economic uncertainties. Last year the group turned in record earnings of $16.3m, equal to $4.69 a share.

BORROWER PROFILE—BRAZIL

Loans available but the asking price is higher

BY DIANA SMITH IN BRASILIA AND PETER MONTAGNON IN LONDON

IN BRAZIL 1980 was heralded as the year when a latter-day miracle would occur. Without even mini-recession, the annual inflation rate would be cut by 30 per cent compared with 1979, the trade account would be balanced despite soaring oil prices, and Government spending would be pruned to the bare bones, although the state sector is a major spur to the economy's growth.

Expansion of credit would be held to 45 per cent, the cruzeiro would be devalued by no more than 40 per cent and, the public was told, Brazil's credit standing was so high internationally that whatever new loans were required would be granted on very reasonable terms.

To pull off this delicate conjuring trick, Sr. Antonio Delfim Netto, the Planning Minister, was given sweeping powers. Optimism was the keynote; doubt was tantamount to heresy.

On the surface there might be grounds, even today, for claiming such optimism was founded. Brazil has just announced a DM 150m bond issue at a yield of 9.34 per cent which is only 20 basis points above the current yield on bonds issued by prime European borrowers in the German capital market. Its latest foray into the syndicated credit market, the $200m financing for the Itaipu hydro-electric project managed by Swiss Bank Corporation, shows it can still command 10-year money at a spread of only 1¼ per cent.

But worries about Brazil's debt problems are growing. The yield on the DM-bond disguises the fact that tax agreements between Germany and Brazil raise the effective return to German investors by some 1¼ basis points. The previous syndicated credit for Banco Nacional do Desenvolvimento Economico, which was at fractionally lower spreads than the Itaipu credit, achieved a market sell-down of only some 19 per cent despite a change in the tax laws making Brazilian credits considerably more attractive to U.S. banks than before.

Moreover, the bulk of this year's borrowing must still be to come. Figures from the Organisation for Economic Co-operation and Development (OECD) show that only a little more than $1bn was raised by Brazil through publicised medium- and long-term international bank loans in the first four months compared with the foreign borrowing target for the full year of some $12bn.

ALTHOUGH few observers doubt that Brazil will raise the estimated $12bn in foreign credits it requires this year the South American borrower will have to pay a price at which it has so far baulked.

These figures may understate the true total raised so far. Some bankers believe that Brazil has been able to raise fairly large amounts of unpublicised credit on a bilateral basis from international banks. Also, borrowing abroad by Brazilian commercial banks amounted to $640m in the first four months.

Even so, with nearly half the year gone Brazil is far from making a big dent in its borrowing needs and international bankers are more than ever inclined to doubt whether the target of $12bn is sufficient to meet actual requirements.

By the end of April, the Brazilian trade gap stood at $1.82bn thanks to 55 per cent growth of imports to $7.42bn for the period. Oil alone cost $3.1bn in those four months. In April, imports of crude hit the record figure of $900m.

Inevitably, the media and independent observers ask how Sr. Delfim Netto can still insist that trade will balance this year at $20bn each of imports and exports unless non-oil imports are contained drastically.

The inflation picture, meanwhile, is no rosier. By now, some positive results of Sr. Delfim Netto's squeeze were expected, yet price increases over the past four months were 23 per cent, according to official sources.

The published April figure was 5.5 per cent per month. The real figure, it is estimated, is at least two percentage points higher.

It is known, however, that the money supply grew by 76.6 per cent in the year to April—an all time record.

The current foreign debt has been estimated at $53bn to $57bn and the level of reserves at around $6.7bn. Recently, Sr Ernane Galveas, the taciturn Finance Minister whose loyalty to Sr Delfim Netto knows no bounds, admitted that $3bn of reserves had been consumed and that by the end of the year, a total of $4bn might have been siphoned off.

One source of relief for Brazil has been the fall in dollar interest rates. Of the country's total debt some $30bn is thought to be on a floating rate basis. The 10 point decline in Libor since the start of April is equivalent to a debt service saving of about $3bn a year—though much depends on the precise fixing dates for Brazilian loans.

This should make it cheaper for Brazil to step up its foreign borrowing in the second half of the year. More important still, it should provide some leeway for Brazil to pay a higher spread on its borrowings.

Few bankers actually doubt that Brazil can raise the funds it needs this year. Most are, however, agreed that Sr Delfim Netto must pay the market price. So far, with time marching on, Brazil has baulked at doing so.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	93⅛	93⅝	+2⅝	+2⅜	11.20
Australian Res. 9⅞ 84	30	89	90½	+2½	+2½	10.78
Beneficial Fin. 9¾ 87	100	93	93½	+3⅞	+3¾	11.16
CECA Grad. Rate 12 86	100	98¼	99	+3⅝	+3⅜	12.28
CECA 11½ 90	50	99	99½	+2⅛	+2¼	11.71
Canadian Pacific 9¾ 89	50	92⅝	93⅛	+2⅛	+2¼	11.04
Carter Hawley 9¾ 86	50	93¼	93¾	+3½	+3½	11.27
Continental Grp. 9⅝ 86	100	93⅞	94⅜	+3½	+3½	10.99
Dome Petroleum 10 94	50	85⅝	86⅞	+2⅞	+3½	12.11
Dome Petroleum 13½ 92	50	103⅛	103⅝	+3⅞	+4	12.92
Dominion Bridge 10¾ 84	30	94⅜	95⅛	+1⅞	+2	11.96
EIB 11¾ 92	80	99⅝	100⅛	+3½	+3½	11.75
EIB 13¼ 90	100	108⅛	108⅝	+2½	+2⅛	12.25
Eksportfinans 11¼ 87	50	99¼	99⅞	+2¼	+2¼	11.30
Export Dv. Cpn. 9¾ 94	150	96⅛	96⅝	+2⅛	+2¼	10.83
Export Dv. Cpn. 12¾ 87	100	105⅞	106⅜	+2⅛	+2¼	11.42
Federal Dev. Bk. 12⅛ 85	75	103⅝	104⅛	+2½	+2⅞	11.15
Finland 9⅞ 89	100	†89	89½	+3¼	+3¼	11.90
George Weston 13½ 89	30	†100½	101	+3	+2⅞	13.33
GTE Finance 9¾ 89	55	87⅛	87⅝	+1⅝	+1⅞	12.08
GMAC 8⅛ 89	100	92½	93	+2⅛	+2¼	10.95
GMAC O/S Fin. 11 84	100	99⅜	99⅞	+1⅝	+1⅝	11.07
GMAC O/S Fin. 13⅝ 85	100	106	106½	+2	+2	11.81
Kennecott Int. 9½ 86	100	87⅛	87⅝	+3½	+3¼	12.63
McGraw 13½ 85	75	101	101½	+3½	+3½	13.12
Michelin 10 94	125	88⅛	88⅝	+1½	+1½	11.70
Nat. Gas. Telecm. 9½ 86	100	93⅛	93⅝	+1⅞	+1⅞	11.02
New Brunswick 9¾ 94	75	87⅜	87⅞	+2⅛	+2⅜	11.58
Newfoundland 10 94	50	90⅝	91⅛	+2	+2	11.33
Norway 9½ 84	150	96¼	96¾	+2¼	+2¼	10.63
Nova Scotia Pwr. 9¾ 89	50	91⅜	91⅞	+2½	+2⅞	11.28
Pennwalt O/S F. 9¾ 84	25	94	94½	+2⅜	+2¼	11.62
Pepsico Cap. 9¼ 84	100	96⅜	96⅞	+2	+2	10.35
Quebec Hydro 10 99	75	84⅝	85⅛	+3½	+4	12.04
Sears Roebuck 8 82	150	97⅞	98⅜	+1⅞	+2	10.19
SNCF 12⅞ 85	50	104⅜	104⅞	+2⅝	+2½	11.11
Statoil 9⅝ 89	100	91⅜	91⅞	+2	+2⅝	11.11
Swed. Ex. Cred. 12½ 85	40	102½	103	+1½	+1⅞	11.72
Sweden 9¾ 89	100	92⅝	93⅛	+3½	+3½	11.04
Sweden 8¾ 84	100	96½	97	+2	+2¼	10.72
Unilever NV 9¾ 87	100	91¼	91¾	+1	+1⅞	11.02
Warner-Lambert 9 84	100	95¼	95¾	+2½	+2⅛	10.39

Average price changes... On day +2½ on week +2⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	108½	108¾	+0⅞	+0⅞	8.63
Australia 8¼ 90	250	100	100½	+0⅞	+0⅝	8.06
BFCE 7¾ 87	100	†98⅞	99½	+1⅛	+0⅝	7.94
BFCE 8⅛ 95	100	98	99	+2½	+2	8.30
Brazil 8 87	150	93½	93⅞	+2	+2	9.27
CECA 7 91	150	91½	92½	−0¼	0	8.17
Council of Eur. 7¼ 89	100	93¼	94	+0⅛	−0⅛	8.29
Denmark 7⅞ 86	100	†97	98	+1⅛	+0⅞	8.43
Denmark 8½ 92	100	†97¾	99½	−0⅛	0	8.48
EEC 7⅞ 94	225	97	97½	+1½	+1⅛	8.20
EIB 7⅞ 89	200	94⅞	95⅜	+1½	+1	8.27
Finland Rep. of 8 89	150	97½	98½	+1⅛	+1⅛	8.39
Kobe, City of 7⅛ 89	150	94⅞	95⅜	+1¼	+1⅛	7.85
Neder. Gasunie 8 86	100	†100½	101	+0⅝	+0⅝	7.93
New Zealand 7½ 87	200	95⅛	95⅞	−1¼	−0⅞	7.95
Norway 7⅞ 85	250	89⅝	99⅝	+0⅜	+0½	7.75
OKB 7½ 89	100	94½	95¼	+2⅞	+1⅞	8.17
Oslo, City of 8⅜ 90	80	†101	102	+0⅜	+0⅝	8.51
Sweden 8⅜ 87	200	106	106⅜	+1⅝	+1⅛	8.47
World Bank 7¾ 91	400	95⅜	96⅛	+0⅞	+0⅜	8.31
World Bank 7⅞ 90	250	97⅛	97⅞	+1⅜	+1	8.25
World Bank 10 86	150	109⅞	108⅞	+0½	+0⅛	8.13
World Bank 10 90	200	109⅜	109⅞	+0½	+0⅝	8.94

Average price changes.. On day +0⅞ on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	91¾	92¼	−1½	−0¼	6.70
Aumar 5 89	00	93	93½	−0¼	0	5.98
Australia 3¾ 89	250	89⅜	90¼	0	0	5.05
Bergen, City of 4¾ 91	40	†91	91½	−0⅜	−1	5.84
BNOE 5 89	75	86⅜	87¼	−0⅛	−0½	6.96
BMW Overseas 4¼ 91	100	91½	92	+0¼	+0⅛	5.23
Buhrmann-Tetterode 7 90	40	104⅜	104⅞	+0⅛	+0⅛	5.36
Caisse Nat. Tele. 4¾ 89	100	92½	93	+0⅜	+0⅞	5.39
CCCE 5¾ 90	100	101	101½	+0¼	+0⅞	5.58
Copenhagen 4½ 91	60	87⅜	89	+0⅜	+0⅜	6.00
Council of Eur. 5 89	100	94⅜	95⅛	+1⅜	+2⅜	5.69
EIB 4⅝ 91	100	†91⅞	92	+0½	+0¼	5.51
EIB 4½ 94	100	86½	87	−0⅛	0	5.76
Elec. de France 4½ 89	100	†92¾	93¼	−0¼	+0¼	5.36
GZB 4¼ 89	100	90	90½	+0⅜	+1⅛	5.61
Hilti 4½ 91	35	†93	93½	−0½	0	5.04
Int.-Amer. Dev. 4½ 89	100	89⅜	90¼	+0⅜	+1	5.94
Int.-Amer. Dev. 7 90	80	105	105½	+0¼	0	6.27
Jutland Tele. 5½ 90	50	100⅜	100⅞	−0½	+0⅛	5.43
Malaysia 5 89	80	88½	89	−0½	+1	6.65
Nippon Tel & T 4¾ 89	100	92¼	92¾	+0⅛	+0¼	5.28
Nordic Bank 5 89	45	98	99½	0	+0¼	6.24
Norges Komm. 4½ 91	100	93	93¼	+4⅜	+4⅜	5.15
OKB 4⅝ 91	100	90	90½	+1⅞	+1½	5.55
OKB 6 90	100	103⅛	103¾	−0⅛	−0⅛	5.53
Oslo, City of 4⅝ 91	100	87⅛	87¾	+0½	+0⅜	5.51
Shikoku El. Pwr. 4¾ 89	100	94	94½	+0½	+0⅜	5.56
Siowong 4¾ 91	60	93⅛	93¼	−0¼	+0¼	5.55
Voest-Alpine 4¾ 89	80	93½	94	+0½	+1	6.65
World Bank 4⅜ 89	100	93¼	93¾	0	+0⅜	5.54
World Bank 4½ 89	150	†92	92½	+0½	−0¼	5.45
World Bank 4⅝ 91	100	91¾	92¼	+0¼	+0¼	5.59

Average price changes.. On day +0⅜ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.5 83	30	91	92	+0½	+0⅝	8.62
Australia 6¼ 88	20	85¼	86¼	+0⅛	+0⅝	9.12
EIB 7⅜ 89	12	91⅞	93⅜	−0⅜	−0⅝	8.57
Finland 5.6 83	10	90½	91½	+0½	+0½	8.76
Finland 6.8 88	10	85	86	−0⅜	−0½	9.50

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	94½	95	+1⅞	+1⅞	11.94
CIBC 13¼ 85 C$	50	104	104⅝	+1⅜	+2⅛	12.30
Cr. Foncier 10⅜ 94 C$	30	90	91	+0⅞	+0⅛	13.38
Fst. Can. Inv. 10 84 C$	50	93⅜	94⅛	+1	+1⅛	11.98
Hudson Bay 10½ 89 C$	60	91⅛	91⅝	+1	+1⅛	12.10
Quebec 10⅜ 86 C$	50	92	94	+1	+1	11.96
R. Bk. Canada 10 86 C$	40	92⅝	93⅛	+2⅜	+2⅜	11.72
R. Bk. Canada 10 94 C$	40	88⅜	88⅞	+0⅛	+0⅛	11.69
Tordom Cpn. 12½ 85 C$	30	104	104½	+1⅛	+2	12.30
M. Bk. Dnmk. 9 91 EUA	25	95¾	96¼	+1	+0⅜	9.61
SOFTE 8¼ 89 EUA	40	85¾	87	+2⅛	+2⅜	10.70
U. Bk. Nrwy. 9½ 90 EUA	18	97⅞	98⅝	+0⅛	+0⅛	9.51
Algemene Bk. 8¼ 84 Fl	75	97½	97⅞	0	−0⅛	8.92
Ned. Gasunie 8¾ 84 Fl	50	99½	99⅞	+0⅛	+0⅛	8.93
Ned. Middbk. 8¼ 84 Fl	75	96½	96⅞	+0½	+0⅛	8.40
Norway 8¼ 84 Fl	100	97⅜	97⅞	+0⅜	+0⅛	9.08
Norway 8⅛ 84 Fl	100	97	97½	+0¼	+0⅛	9.02
Philips Lamps 8¼ 84 Fl	75	97	97½	+2⅛	+0⅛	9.15
Air France 11 84 FFr	120	96¼	96¾	+1	+0½	12.03
CECA 14¼ 86 FFr	150	104	105¼	+0⅞	+0⅝	13.04
Euratom 9¾ 87 FFr	150	84¼	85	−0⅛	+0¼	13.26
Finland 11 84 FFr	80	84⅞	85	−0⅛	+0⅛	12.62
Finland 11⅛ 89 FFr	70	91⅞	92⅛	+0⅛	+0¼	12.94
Gaz de France 11 84 FFr	150	95⅜	96⅛	−0⅜	0	12.17
IBM France 11⅞ 84 FFr	120	96⅞	97⅝	+0⅛	+0⅛	12.65
Renault 9¾ 85 FFr	100	85⅜	86⅛	+0½	+0½	13.80
Saint-Gobain 9¾ 86 FFr	130	84½	85¼	+0¼	+0⅞	13.61
Solvay et Cie 9¾ 87 FFr	125	82	82½	+0⅛	+0½	13.87
Citicorp O/S 13½ 90 £	50	98	89⅞	+0⅛	+1¾	13.80
EIB 11½ 91 £	25	90⅞	91⅜	+3⅛	+3⅞	13.03
Finance for Ind. 13 91 £	15	98½	99¼	+2⅛	+2⅛	13.18
Fin. for Ind. 12⅛ 89 £	30	97½	97⅞	+2⅛	+2⅜	13.00
Fin. for Ind. 14½ 88 £	20	101⅜	102⅛	+0⅜	+0⅞	14.03
Gen. Elec. Co. 12½ 89 £	50	98⅛	98⅝	+3½	+3½	12.79
Swed. Ex. Cr. 13⅝ 85 £	20	102⅝	103⅛	+0⅛	+0⅞	14.32
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.76
Mitsubishi 7½ 84 KD	10	†91¼	92	0	0	10.04
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.54
Occidental 8¾ 91 KD	7	†90⅛	90⅝	0	0	9.69
Akzo 9¾ 87 LuxFr	500	92⅞	93⅞	+0½	+0⅛	10.64
Euratom 8 87 LuxFr	600	87⅝	88⅝	+0½	+0½	10.51
Euratom 9¾ 89 LuxFr	500	97⅞	98⅞	−0⅛	0	10.04
EIB 9¾ 89 LuxFr	600	97⅝	98⅝	−0⅛	−0⅛	10.09
Volvo 9¾ 87 LuxFr	500	97⅞	98⅞	+0¼	+0⅛	10.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅝	98⅛	2/7	15⅛	15.45
Banco di Roma Inr. 6 87	0¼	99⅝	100¼	26/10	15.31	15.31
Bank of Ireland 5¾ 89	†0¼	97½	98	21/8	11.81	12.05
Bank of Tokyo 5¼ 89	†0½	98	98½	25/10	16.56	16.86
Barclays O/S Inv. 5 90	0¼	87⅞	98⅛	13/8	14⅛	14.52
Bergen Bk. A/S 6 89	†0¼	96½	97	29/8	10	10.34
Bque. Indo Suez 5¼ 89	0⅛	89⅝	99⅛	11/7	14.69	14.86
Citicorp O/S F. 6 94	†0⅛	98⅞	99⅛	8/6	18.81	18.96
Citicorp O/S F. 82	§†0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	†0	98⅞	99⅜	30/5	16.94	17.09
C Itoh 5¼ 87	0⅜	101	101½	19/9	19.44	19.20
Co-operative Bk. 6 86	0⅛	97½	97⅞	15/11	11.44	11.72
Creditanstalt 5½ 91	§†0⅛	98⅛	98⅝	14/6	18.44	18.74
CNT 5¼ 86	§0¼	101⅛	101½	16/10	18⅛	17.64
GZB 5¼ 89	†0¼	98⅞	99½	1/8	15¼	15.38
Jugobanka 8 89	0⅞	90	91½	23/11	11½	12.51
Ind. Bank Japan 5⅛ 87	0¼	101½	101½	15/10	18⅜	18.50
LTCB Japan 5¼ 86	0¼	97⅛	98⅛	13/6	14⅛	14.52
LTCB Japan 5½ 89	0⅞	97⅞	97⅞	7/6	14.15	14.53
Mfrs. Han. O/S 5⅞ 94	†0½	98⅛	98⅝	30/5	17	17.41
Midland Intl. Fin. 5 89	0⅛	99⅜	100	20/8	15	15.04
Nacional Fin. 6¼ 86	0⅛	99½	98⅞	25/7	14.63	14.80
Nat. West. 5⅞ 94	§0⅛	101⅞	102⅜	11/10	18½	18.24
Nippon Credit 6½ 86	0¼	97⅜	92⅞	12/7	14.44	14.73
Nippon Credit 5¼ 87	†0¼	97½	98	6/8	14⅛	14.71
Royal Bk. Scot 5⅞ 94	§†0¼	99½	100	11/7	19½	19.55
Soc. G. de Bque 6¼ 87	0⅛	102	102⅞	3/10	20.06	19.61
Sogenal 5¼ 89	§0¼	98⅞	99⅛	13/7	14.44	14.60
Standard Chart. 5¼ 90	0⅛	100⅞	101⅜	6/9	17⅛	17.05
Sweden 8¼ 91	†0¼	97⅜	98⅛	16/10	19⅜	19.01
TVO Pwr 5 91 (D-lock)	0⅛	95⅞	96⅛	24/11	10⅜	11.05
Williams & Glyn 5⅛ 91	0⅜	101	101½	14/6	18⅛	18.27
Bq. E. d'Alg. 4¼ 89 SF	0⅞	85	89½	18/6	8.69	7.34

Average price changes On day +0½ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	†114	115	+2	−9.39
Ajinomoto 7½ 95	2/80	612	104½	105½	+8¼	1.60
Alco Int. Fin. 9½ 94	1/80	40	91	92½	+1	36.53
Asahi Optical 7 94	11/79	605	98⅜	99¼	+4	15.08
Canon 6¾ 94	3/79	570	108½	109½	+0¼	−0.01
Credit Suisse 4¾ 93	10/79	1325	102	105	+3⅛	4.63
Daiei Inc. 6½ 94	11/79	1020	97½	97⅞	+3½	26.56
DDKK 11 90	4/80	324	110⅜	115½	−6½	2.77
Dynalectron 9½ 95	8/80	12.22	106	106½	−0⅞	−1.59
Ensearch Fin. 9½ 94	7/80	30.25	104½	105½	+1⅛	8.49
LPC Internatnl 8 89	9/79	23.33	†95	96½	+1⅛	29.50
Meidensha Elec. 7 94	12/79	219	97½	98¼	+2⅜	10.30
Mitsubishi Co. 6½ 94	10/79	604	125¼	126¾	+5½	10.11
Nippon Seiko 7¼ 94	12/79	339	110⅜	111¼	+5¼	1.70
Nitto Elec. Ind. 6 94	7/79	725	79⅜	79⅞	+5¼	3.50
Toshiba Con. 7½ 94	10/79	199	99½	99⅝	+3⅞	−1.62
Union Bk. Switz. 5 89	2/80	135	95⅜	97¼	+1⅛	2.03
Fujitsu 5 84 DM	7/79	475	101½	102¼	+0⅛	9.99
Kansai Elec. 4 84 DM	4/79	1234	†96½	97½	−0⅜	42.90
Tokyu Ld. Co. 4 86 DM	0/79	393	†79½	79½	+0⅛	38.54
Uny Co 6½ 85 DM	11/79	1071	92½	94½	+0½	35.19

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week* = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

Fiat earnings depressed by car division losses

BY RUPERT CORNWALL IN ROME

FIAT, Italy's largest industrial group in private bands, yesterday reported s net loss of L97.2bn ($117m) on its car operations last year, but despite this managed a profit at holding company level.

The 1979 accounts issued yesterday by the holding company, Fiat SpA, are the first since the corporate reorganisation which bived-off the group's various industrial divisions irto separate operating companies, each controlled by Fiat SpA.

However, contrary to expectations, the group decided to include its car losses, as well as the smaller deficit of L25.3bn ($30.5m) on Fiat's steel activities, in the 1979 results instead of allowing tham to show through in tbe current year.

Despite this move, Fiat SpA reports a net profit of L39.4bn ($47.7m) for 1979, comparad with declared net earnings of L74.6bn for 1978, the last year in which industrial activities were included fully in the company'a results.

The board has decided to pay an unchanged dividend of L185 on both ordinary and privileged shares. At the same time Fiat announced that Sig Guido Carli, formerly governor of the Bank of Italy, and head of Confindustria, the private employers' association, is joining the main board.

The loss of Fiat Auto, the car division, whicb compares with an estimated breakeven in 1978, reflects losses of production as a result of labour unrest last year, and diminished competitiveness on foreign markets. In Italy last year Fiat prodoced 1.31m cars, 1 per cent less than in 1978, while strikes cost an estimated 200,000 units of lost output in a generally buoyant year for new car demand.

The board underlined that the gulf between inflation in Italy and that of its chief foreign markets and rivals had not been compensated for either by a rise in productivity at home, or by a downward adjustment in the lira's exchange rate.

Nonetheless, investmeots by the car division totalled L415bn ($500m), wbile depreciation was L220bn on a turnover up by 22 per cent at L7,052bn—not far short of half total consolidated Fiat sales for 1979 of L15,056bn.

A much smaller deficit of L8.2bn ($9.9m) was registered by Fiat's heavy vehicle interests incorporated in the Iveco concern, for essentially the same reasons as those underlying the car losses.

However, many of the smaller diversified activities of Fiat were profitable last year. The four main components subsidiaries, Weber, Gilardini, Fiat Lubrificanti and IVI, made combined profits ef L24.4bn. Machine tools produced earnings of L6.5bn, while Fiat's military aircraft engine and telecommunications businesses also were in the black.

Iveco disposal snags for KHD

BY ROGER BOYES IN BONN

KLOECKNER Humboldt Deutz, the leading West German diesel engine manufacturer, is baving problems in shedding its interests in commercial vehicle production.

KHD has for soma time made clear that it wants to dispose of its 20 per cent stake in Iveco, an Amsterdam-based concern set up to group the commercial vebicles divisions of both KHD and Fiat. Under the original 1974 contract, KHD has the right to sell its stake to Fiat in the course of this year — but oow Fiat appears to be questioning tha asking price.

Herr Bodo Liebe, KHD cbairman, told reporters in Cologne that "so far Fiat has declined to pay the agreed purchase price and has made use of its contractual right to invoke arbitration procedures." The purchase price of the 20 per cent stake was fixed in the original contract. Fiat has the right to pay either in the form of a lump casb sum or in five yearly interest-bearing instalments.

Until the issue is settled, KHD remains formally a shareholder in Iveco, though because it bas made use of its sales option it will not receive any forther financial benefits.

KHD's decision to get ont of commercial vebicle production reflects a change in strategic emphasis. The concern now intends to avoid minority stakes and will concentrate on three main divisions—engine production, agricultural machinery and industrial plant. The shedding of the Iveco stake will, KHD believes, give the company more flexibility in its fast growing diesel engines sector, though there will be a regular long-term supply of engines to Iveco.

Last year the group's external sales increased by DM 511m to DM 4.25bn ($2.38bn). The increase followed from across-the-board improvements, though the main focus was on the engine (especially the small air-cooled diesel engines) and agricultural divisions.

Net profits rose from DM 45.9m to DM 52.1m, allowing both an unchanged dividend of DM 7 per share and a transfer to reserves of DM 15m.

Herr Liabe, however, warns that margins will be under severe pressure in the coming year and that while turnover will rise substantially—thanks to the booking of large orders in the industrial plant division—profits are unlikely to see any radical increases. This is mainly becanse of step rises in labour, prodnction, fuel and raw material costs.

In the first three months of the current year, turnover was op by 6 per cent with the engines division again leading the way in terms of growth. Demand for air-cooled diesel engines was up by 26 per cent and a slight npturn in the shipping sector is benefiting medium- and large-sized engines. The agricultural division saw orders drop by 17 per cent, however.

Norwegian shipping line expects profit recovery

BY FAY GJESTER IN OSLO

NORWAY'S largest shipping concern, Wilbelmsen, reports a fall in net profits to NKr 119.2m from NKr 169.5m for 1979, but foresees hetter results this year.

Declines last year were due to several factors, among them the "special problems in the Middle East," delayed delivery of new ships for the liner fleet, and costly conversions of the group's oil rigs.

Net capital costs increased by NKr 26.2m to NKr 93.7m, reflecting heavy investment in new ships doring the past few years, coupled with the rise in interest rates. The higher capital costs were more than offset, bowever, by NKr 146.7m profits on ship sales.

Most of Wilhelmsen's earnings are in dollars and reckoned in this currency, gross freigbt earnings rose by about 3 per cent. In kroner, however, they fell alightly. Of the total, 79 per cent came from liner operationa, 12 per cent from tank and bulk and 9 per cent from offshore. At end 1979, the group's fleet numbered 49 vessels and three rigs.

The annoal report points out that finance and satisfactory employment have been secured for all the new vessels acquired during recent years as well as for two snpply ships and a drilling rig currently on order. Liquidity is also said to be satisfactory.

Replacement of older tonnage in the liner fleet has now been completed and the group's three co-operating companies are operating ships which "rank with tha best and most competitive in their respective sectors."

Confidence in a better result this year reflects the fact that employment has been secured for all tbe group's rigs, that 90 per cent of tbe bulk fleet bas been chartered on firm contracts for 1980 and that the new ro-ro ships have begun showing a good profit.

Renault sells stake in moped maker

By David White in Paris

THE RENAULT motor group has sold its stake in a leading moped and bicycle manufacturer, Motobecane, to the Dassault aircraft group.

The state-controlled car company said it was no longer interested in staying in the troubled motorcycle business. Renault bought its stake of ahout 18 per cent five years ago.

Motobecane's rival for top place in its sector in France, the Peugeot group, is the other major sbareholder, with about 17 per cent.

Dassault's purchase of the 206,000 Renault shares fits in with its known ambition to halp organise a French response to Japanese domination in the motorcycle sector.

The announcement was preceded by strong demand for Motobecane's shares, which rose last week by about 23 per cent to FFr 89. Motobecane welcomed as "positive" the new association with a group whicb had access to advanced technology.

Renault said that it would stay in the unmotorised bicycle business by developing its subsidiary, Micmo Gitane. The latter's prodnction rose by 17.5 per cent last year to 200,000 units.

Upturn at Spanish bank

BY ROBERT GRAHAM IN MADRID

BANCO URQUIJO, Spain's leadiog industrial bank, increased pre-tax profits in 1979 by 15 per cent to Pta2.2bn ($31m).

This is a considerable improvement on the previous year when profits fell back, adversely affected by the domestic recession. Urquijo attribntes the performance to a combination of cautious management, increased foreign activity, and a recuperation by some important industrial concerns in its portfolio.

At the same time, Urquijo moved further away from its role as an industrial bank, by opening more domestic branches.

The bank also managed to raise branch productivity and dilute the heavy personnel costs thst are now hitting banks.

Despite opening nine new branches, the workforce fell back marginally. Urquijo's ratio of deposits per employee was almost six times tha norm among private banks in Spain.

Urquijo is seeking to drop the label industrial bank and is defining itself as a wholesale bank.

After paying Pta 444m in tax, the bank has decided to set aside Pta 1.7bn for dividends, a 17 per cent increase.

The importance of foreign business last year was underlined by the fact that two-thirds of Urquijo's increase in lending came from foreign currency. Foreign business accounted for 40 per cent of total activity.

Urquijo last year doubled its provision for doubtful debts to Pta 1.2bn.

Australian bid by Nat-Ned

By Charles Batchelor in Amsterdam

NATIONALE-Nederlanden, the largest Dutch insurance group, plans to expand in Australia with an A$1.3m (U.S.$1.5m) bid for the capital of Australian Community Insurance.

NN's local subsidiary, Associated National Insurance, of Sydney, will offer A$1.30 in casb for each share. Tbe bid is conditional on acceptance from owners of at least 90 per cent, and on the Australian authorities approving the deal.

German insurer holds payment

BY OUR BONN STAFF

ALLIANZ VERSICHERUING, the leadiog West German motor, property and casualty insurance group, has recorded a year of strong overseas growth and a revival in domestic business. Both turnover and profits bave exceeded earlier expectations while the company's 20 per cent dividend is maintained.

Premium income for the group worldwide rose 17 per cent to DM 10.5bn, and group profits totalled DM 199.3m compared with DM 191.5m in 1978. The parent company recorded a net profit of DM 163.2m against DM 151.6m, wbile some DM 101m la to be transferred to reserves, DM 10m more than in the previous year.

The domestic revival after two years of tapering growth is partly the result of an increase in motor insurance rates. Motor insurance is by far the most important sector of Allianz'a domestic activities, accounting for 46.7 per eent of business compared with 45.2 per cent in 1978. The groop had been expecting an avalanche of claims in the motor division, judging by the trend in the first balf of 1979. But this failed to materialise. Allianz executives believe that motorists may have started to respond to the energy crisis by driving more slowly.

Allianz's market share in Germany is believed to be between 17 and 18 per cent, but it is difficult to see where the company can expand in the near-saturated domestic market. This factor has clearly prompted Allianz to transfer part of its wealth overseas in a quest for new markets. Foreign business now accounts for 10 per cent of Allianz'a premium incoma.

The group's U.S. interests brought in premium income of DM 468m last year.

McIlwraith almost doubles earnings

By Our Sydney Correspondent

McILWRAITH-DAVEY Industries, the bardware group, whicb is currently involved in a A$57m takeover battle for Overseas Corporation (Australia), the household products and building materials group, almost doubled its profits, from A$3.45m to A$6.5m (US$7.4m) in the year to March 31. Tbe result was achieved on an increase in group turnover of only 8 per cent, from A$138m to A$150m (US$171m). Earnings per share advanced from 20.7 cents to 32.4 cents, but the dividend is held at 14 cents a sbare.

Tbe directors said that the glass operations had been further strengthened and achieved a record profit.

The McIlwraith result compares with a profit of A$5.7m for Overseas Corporation in 1978-79, and an 11 per cent increase to A$3.4m in earnings for the half-year to December. McIlwraitb has launched an on-market offer for Overseas at A$1.35 a share, after first buying a 20 per cent bolding through a tightning market raid.

McIlwraith's action foiled a proposed A$65m merger between Overseas Corporation and Metro Meat, a meat and cold store group, but the overseas directors have labelled the McIlwraith bid as inadequate and retained a merchant bank, Australian United Corporation, to assist in "an appraisal of further opportunities for further acquisition, and to appraise the existing capital structure."

Olympic support for higher bid by Dunlop Australia

BY JAMES FORTH IN SYDNEY

DUNLOP AUSTRALIA has raised its takeover bid for Olympic Consolidated Industries by A$12.5m to just over A$90m (US$103m)—and bas gained the support of the Olympic board. Tbe takeover will create one of tho largest manufacturing groups in Australia with annual sales of almost A$1bn (US$1.14bn) and more than 20,000 employees.

The group will command about 35 to 40 per cent of the tyre market in addition to its eable and industrial products manufacture. Dunlop intends to cbange its name to Dunlop Olympic Ltd. and two Olympic directors, including the chairman, Mr. Ian Beaurepaire (a son of the foundor and former Olympian, the late Sir Frank Beaurepaire), will join the board of the combined group.

Dunlop initially offered $A1.20 a sbare, or A$79m with an alternative of one Dunlop sbare plus 55 cents for each Olympic ordinary share and convertible note, but this was rejected as inadequate. Dunlop has now agreed to raise its cash bid to A$1.40 a share, and similarly increase tho casb content of its alternative offer to 75 cents. The share-casb alternative values Olympic shares at just over A$1.50.

Olympic directors will recommend the higher offer and accept for their shareholders. Dunlop's financial adviser, Hill Samuel Australia, considers the price offered is fair, and in the interests of Dunlop bolders. The adequacy of the bid is also supported by an independent valnation undertaken by Schroder Darling and Co. on behalf of Olympic.

The takeover will require Trade Practice approval. If this is forthcoming it is intended to maintain Dnnlop and Olympic brands in tho the market, and to retain the "separate competitive identity" of the two groups' tyre service centres. Dunlop also intends to retain Olympic's higbly profitable 50 per cent stake in the cables group, Olex Cables.

U.S. group lifts stake in ICA

BY OUR SYDNEY CORRESPONDENT

THE U.S. group, Combustion Engineering, has lifted its sbareholding in the boiler maker and power equipment supplier, International Combustion Australia (ICA), from 13.4 to 19.9 per cent. This stops just sbort of the 20 per cent level beyond whicb the U.S. group would be required under stock exchange listing rules to extend a bid to all sbareholders.

But the U.S. group's indirect stake is bigher because it is also a major holder in International Combustion Holdings of the UK, which sold the sbares in ICA. The UK group held 39.5 per cent of ICA but has now placed 32.5 per cent of the capital through Melbourne sharebroker, J.B., were at A$5 (U.S.$5.74) a share, raising A$13.8 (U.S.$15.8m).

The remainder were sold to institutions, with the UK group retaining a 7 per cent equity. The deal would presumably require the approval of the Foreign Investment Review Board.

* * *

METALS EXPLORATION and its partner, Freeport Minerals of the U.S., intend to go ahead with a proposal to reduce the costly fuel oil consumption of tbeir nickel-cobalt plant at Greenvale in Queensland. The project will cost about A$45m (U.S.$51.7m) and involves installation of a new coal fired boiler and conversion of ore dryers to coal firing.

The engineering group, Babcock Australia, in association with John Holland (Constructions), bas been awarded a turnkey contract worth about A$36m to carry out the conversion. It is the largest conversion contract awarded in Australia, and will attract tax concessions recently announced by the Federal Government.

The partners expect fuel oil consumption to be reduced by about 45 per cent from the present 335,000 tonnes a year, resulting in snbstsntial nperating cost savings, and thus improving tha competitiveness of the ailing nickel-cobalt producer.

South Korean borrowing hold-up

By Charles Smith in Seoul

SOUTH KOREA'S international credit rating has plunged as the result of the political upheavals of the past two weeks, according to foreign bankers in Seoul.

One manager of a major American bank branch says that all negotiations on syndicated loans to Korean borrowers have been "put on hold" since the start of the troubles. Looking further ahead foreign bankers see a strong possibility of a permanent halt to long term londing if the Korean armod forces fail to give some indication that the country will move forward towards a democratic system.

Korea is the beaviest horrower among the four so-called new industrial countries of East Asia, the other three being Hong Kong, Singapore and Taiwan. Its Government had planned to pump a total nf around $7.5bn worth of foreign exchange into the economy this year, of which abont $1.7bn would have been obtained in the form of long-term loans from private financial institutions. Tbe first major loan of the year was agreed in March when a gronp of foreign banks agreed to lend $500m to the Korea Excbange Bank over an eight year period.

During May talks began on a series of $50m syndicated loans for the five main Korean commercial banks of which one (for Hanil Bank) had been completed before the start of the political npheavals. Bankers say they *think it will be hard tn proceed* with the others for tbe time being, or with two other loans currently under discussion. These are for the Ministry of Communications $64m) and for the Korean Overseas Construction Company (guarantees for a perfnrmance bond on an overseas construction contraci).

The next major borrowing operation would bave been a $600m syndicated loan to the Korea Development Bank. This was sebednled for July bnt it now appears exceedingly doubtful wbether it can go ahead on time. Some indication that Korea is making progress towards solving its problems will have to be given before the KDB can start nogotiations, the bankers say.

Foreign banks are continning tn make available short-term trade financing for Korea (without wbich the country's economy would grind tn a balt). They say bowever that even those Korean banks which have already completed negotiations on syndicated borrowings migbt be nowise to make drawings on their loans at the present time. Most syndicated loan agreements iocInde a "materially adverse change" clause which permits the lender to withhold payment of a loan if the borrower's circumstance change in a way wbicb throws serious doubt on bis ability to pay.

Korea's international payments situation bas been deterinrating during the past six months for purely economic reasons and is expected to reman weak throughont the coming year. In normal circumstances overseas banks with branches or representative offices in Seoni would have felt themselves under some obligation tn assist the country through this difficult period. This sense of ohligation, however, appears to bave been eroded by the political "happenings" nf the past few days.

Issue by Arab Malaysian Finance

By Wong Sulong in Kuala Lumpur

ARAB MALAYSIAN Finance Berhad has launched a 20m ringgit (US$9.26m) seven-year bond issne. The bonds, maturing in 1987, are registered in denominations of 1,000 ringgit each, and carry a coupon rate of 8.5 per cent payable twice-yearly.

The bond issue, underwritten by four banks, led by Amanah-Chase Merchant Bank Berbad, is fully guaranteed by Arab Malaysian Devolopment Bank, the bolding company of *Arab Malaysian* finance.

The bonds will qualify as anthorised investments under the Insurance Act and will be listed on the Kuala Lumpur Stock Exchange.

Mr. Hussain, Najadi, managing director af Arab Malaysian Development Bank, said the yield differential is two percentage points above those on comparable Government securities. He expressed confidence that the honds would be well received, in view of a high yield, and their marketability on the exchange.

With the emerging trend tnwards establishment of *resource-based* and energy-intensive beavy industries in tha 1980's, be said, Malaysian enterprises were expected to resort increasingly to bond issues in addition tn funds from sbare issues and bank borrowings.

Japan Line reduces loss and sees return to black

BY RICHARD C. HANSON IN TOKYO

JAPAN Line, which is under financial reconstruction with tbe help of its main banks, has reported sbarply reduced net losses for the year to Marcb 31 with the shipping industry, except in tankers, recovering from a long slump. A return to profit is expected in the current year.

Tbe net loss for the year narrowed to Y1.79bn ($8.1m) from Y12.37bn a year earlier. Revenues gained 28 per cent to Y292.2bn ($1.3bn) resulting in the first operating profit in four years. The improvement may allow tbe company to begin repayments on the mass of loans it has accumulated after three years of moratorium on payments, allowed by the banks, under a plan aimed at keeping the company afloat.

At the end of tbe current year, interest and principal payments on Y70bn will have been deferred. Its accumulated loans to the banks, including the government Japan Development Bank, totalled Y78bn at the end of March.

Japan Line is tbe largest tanker operator in Japan, and suffered large losses when the bottom fell out of the tanker business in tho mid-1970s. The reconstruction moves are being led by the Industrial Bank of Japan.

With the strong performance of the Japanese economy last year, shipping, particularly for imported cargoes of raw materials, improved steadily. The market for small to medium size tankers recovered enough to justify the company this year planning to purchase two new 80,000 dwt class tankers—the first new tanker purchase since 1975. The company expects some improvement this year even in large tanker business, but will still rely on its tramp and liner business to balance out losses on the tanker side.

Tbe company is forecasting a net profit this year of Y5bn and a further 10 per cent rise in revenues to Y320bn. It would bo the first net profit since 1977.

Higher prices boost Nippon Oil

BY YOKO SHIBATA IN TOKYO

NIPPON OIL, the Japanese oil refiner with the largest market sbare in the country, achieved a sharp rise in earnings for the 6scal year ended March belped by large oil stockpiles and increases in sellin prices. Operating profits showed an advance of 314 per cent to Y39.45bn ($178m) and net profits were up 86.4 per cent to Y11.16bn. Pro6ts per sbsre climbed to Y17.49, from Y10.32.

Sales of oil in volume gained by 2.8m kilolitres to 55m kilolitres as a result of a stablo oil supply from Saudi Arabia (through Caltex). Of the sales, Saudi Arabian Oil accounted for 80 per cent and the rest was Indonesian. Selling prices were lifted seven times during the year, and total turnover rose by 68.3 per cent to Y2,713.4bn ($12.3bn).

However, the company suffcred excbange losses of Y48.26bn fotowing the effects of the Yens depreciation on deferred payments for crude oil imports. Of this total, by the parent company accounted for Y12.31bn, and the refining subsidaires for Y35.94bn. The excbango losses were largely offset by prnfits from operations in the securities market. Because interest rate rises, the interest burden on the company's import of (Japanese oil refiners borrow U.S. dollars for the settlement of payments for crude oil imports and repay in Yeo four months later) reached Y18bn.

Owing to the uncertainties over the outlook for crude oil prices and foreign excbange rates, the company bas given only a half year forecast of earnings and sales. Operating profits for the current balf, ending September, are expected to reach Y30bn up 439 per cent, on interim sales of Y1,760bn, up 72 per cent.

Semiconducters lift Fujitsu

BY OUR TOKYO CORRESPONDENT

FUJITSU, Japan's largest computer manufacturer, has reported a 45.8 per cent rise in net pro6t to Y15.6bn ($70.6m) for the year to Marcb mostly as a result of tbe boom in semiconductor sales being enjoyed by the electronics industry around the world.

Semiconductor sales, at about Y46bn, were double the previous year's level, leading overall sales up 13.6 per cent to Y501bn ($2.27bo). Sales of computers, 65.2 per cent of all revenues, *rose by a more modest 7.8 per* cent. Exports were up 23.1 per cent, to account for 16 per cent of sales.

Fujitsu, like the other semiconductor producers, is spending large amounts nn new capacity, devoting Y14bn last year and planning an additional Y20bn this. Total capital spending this year is planned to reach Y43bn.

Toward the end of the year Fujitsu will strengthen its overseas sales network through a jnint venture in the U.S. with TRW Inc. The new company *will initially* sell a *range of* Fujitsu small to medium size computers and peripheral eqnipment, while large size computers will continue to be sold by Amdahl in the U.S.

The boom in semiconductor sales is expected to continue this year, while sales of other products remain steady. The total is expected to be up 13 per cent to Y565bn, and the company is predicting a more cautious 9 per cent increase in net profit.

Fujitsu paid a special Y1.5 dividend during the latter half *of the year, in addition to* the regular Y6 payout for the year.

U.S. dollar issue by Fuji Bank

BY PHILIP BOWRING IN HONG KONG

THE HONG KONG branch of Japan's Fuji Bank is making a U.S. dollar CD issue with its interest rate based on tho "Hong Kong interbank offered rate." The issue is of U.S. $20m for three years, and with interest at 0.25 per ceot over the Hong Kong interbank rate *for* the U.S. dollar.

This is the second U.S. dollar CD issue to be made in Hong Kong. The first, announced last week by Bank of Tokyo of U.S. $10m with similar terms but based on London interbank offered rate (Libor), was announced last week.

The development of U.S. dollar CD issues in Hong Kong marks a new departure for the colony and is clearly aimed at belping it maintain its position as the leading financial centre of Asia. Hitherto the only U.S. dollar CD market bas been in Singapore because of the existence in Hong Kong of a 15 per cent tax on interest.

However, tho Hong Kong Government has now indicated to bankers that it does not regard such issues as being subject to interest tax, even wben issued by a bank branch in Hong Kong, provided that the funds are made available in the first instance ontside Hong Kong.

The Fuji bank issue, which is being managed by Kleinwort Benson (Hong Kong) and Fuji International Finance (HK), represents the first official appearance of the "Hong Kong Interbank offered rate (Hibor)."

There is no reason to believe that, Hibor will differ from Sibor (Singapore) or Libor. Some bankers regard the use of the term as something of a gimmick at this stage. Singapore remains the Asian centre for U.S. dollar interbank transactions and the funding centre for syndicated and other U.S. dollar lending from Hong Kong.

Tbe managers of the Fuji issue undertake to provide a secondary market, as do Salomon brothers and Tokyo Finance (Asia), in respect of the Bank of Tokyo issue.

£7m building at naval hospital

MARPLES RIDGWAY has been awarded a £7m contract in connection with the Royal Navy Hospital at Haslar, Gosport, by the PSA's directorate of Defence Services. The work which consists of new buildings within the grounds of R.N.H. Haslar and alteration and reconstruction of existing structures, is expected to begin in June 1980 and will take three years to complete.

★

J. AND J. FEE, the industrial and commercial building contractors from Halifax, has been awarded contracts totalling £3.5m. These include 106,000 sq ft of industrial units in Leeds for the Standard Life Assurance Company, a new £1.3m supermarket complex al Manchester and a 15,000 sq ft design and build contract for Bray's Bakery, in Leeds.

★

ELECTROPAINT, Lichfield, has a £250,000 contract t osupply a conveyorised painting facility for Concentric [Pressed Products), Handsworth, Birmingham, in conjunction with I.C.I. paints division, who will be supplying the paint and the pretreatment chemicals.

★

LONDON AND NORTHERN GROUP has heen awarded contracts valued at £1.4m in the Midlands and Scotland. T. M. Simpson, heating and plumbing contractors based at Blantyre in Scotland, has two new contracts valned at £645,000. One is for £465,000 for plumbing and heating installations in 245 new houses for Glasgow district councll (main contractor ls Leonard Fairelough). The other contract is for plumbing work only, also on 245 new dwellings, at Irvine Newtown for Irvine Newtown Corporation. In the Midlands E. Fletcher Buildings (Midlands) is due to start work on 50 flats for the Royal British Legion Housing Association at Melton Mowbray on June 2. This order is worth £651,733 and is due for completion ln 19 months. Work valued at £89,000 has commenced on a hlock of six flats for Kettering borough council in Station Road, Kettering.

★

A contract worth about £127,500, which incindes site development works, bas heen awarded to **BRIAN HOLLY,** Newcastle upon Tyne, to build a factory for the Development Commission at Rothbury, Northumberland.

★

VICKERS NUCLEAR, the Swindon-based division of Vickers Limited, has heen awarded contracts worth about £650,000 for nuclear reactor components. The largest has been placed by the United Kingdom Atomic Energy Authority at Risley for guide tubes for the prototype fast reactor at Dounreay, Scotland. The components will be used in the core of the reactor and are part of the plant safety equipment. Tha UKAEA has also ordered an instrument guide tube for the Dounreay reactor safety shutdown mechanism. British Nuclear Fuels at Springfields bas placed a repeat order valued at about £180,000, for spring collets, devices used on fuel stringers for tha core of the advanced gas cooled reactor at Dungeness in Kent.

★

BARRATT CONSTRUCTION Ellon, Aberdeenshire has a £320,000 contract for building 19 old peoples' flats at Thomson Street, Aberdeen. Work on the project, for Castlehill Housing Association, begins this month with completion by July 1981.

★

The British Transport Docks Board has placed the main contract for Garston's new £1¾m coal shipping terminal with the Bristol firm of **WALKER ENGINEERING.** This follows the announcement that Mr. Norman Fowler, Transport Minister, has agreed a government grant of £289,000, towards the special new rail facilities which will serve the terminal. The development will supply the National Coal Board's markets in Northern Ireland, the Irish Republic and the Isle of Man from pits in the North Midlands, Lancashire and Yorkshire. It will have a potential capacity of 1m tonnes/year and should open in early spring 1981.

★

N. G. BAILEY (INSTRUMENTATION), Bradford, has been awarded a contract, worth over £100,000, for instrumentation and control systems for a 300 tonne vacuum degassing unit to be installed on the BOS plant, at BSC's Scnntbnrpe works. Awarded by Standard-Messo Duisburg, the contract features a programmable logic control nnit with 256 inputs and outputs, thyristor drives, auxiliaries board, display panels, control desk and multi-motor control centre.

★

HOUCHIN, part of the Dale Electric International Group, has won a £800,000-plus contract to supply the fixed 400 Hz power distribution system for the "Jadji" terminal at tha new Jeddah international airport in Saudi Arabla. Tha contract was placed with Houchin by Hochtief, Essen, main contractor to the Department of Civil Aviation of Sandi Arabia.

★

TUNGSTONE BATTERIES has received an order with over £400,000 through associate company, Telapower Systems, to supply batteries and chargers for the Republic of Iretand's post and telecommunications department. A team starts work later this year on the installation of these standby power systems at 50 telephone exchanges.

★

A £300,000 share of Electrolux's £3½m development programme has been won hy **M. L. SHELLEY AND PARTNERS,** Huntingdon, designer and manufacturer of vacuum-forming machinery, which recently became part of the Deacon Industrial Group. The order is for four SPDE 6038 double ender machines with quartz heating elements and digital control circuits for prodncing refriegator hody and door liners.

★

A contract to design and snpply a complete solvent recovery plant for the recovery of carbon tetrachloride has been placed with **SIMON-CROFTSHAW,** Long Melford, Suffolk (Simon Engineering Group) hy ICI Mond Division. The plant, which will be mostly fabricated in titanium, is to be installed at Widnes, Cheshire.

★

Mobil North Sea has awarded a contract to the Datakeep Division of **HAYS BUSINESS SERVICES** for land-based storaga of material related to the oil company's North Sea exploration activities. In essence the contract will concern the storage of duplicate compnter tapes bousing data of area, line and sbot points, core sample, selsmic section and well-logging storage plus reprographic reproduction of sections and logs.

Rail wagons for cement

A £2.5m contract for 94 rail wagons to carry cement has been placed by Blue Circla Industries with **PROCOR (UK),** Horbury. Each wagon has a capacily of 36.5 tonnes, and tha order ls one of the largest to be placed with a private rail wagon builder since nationalisation. Delivery will start in March next year for completion by Oclober 1981.

★

An order for 45 advanced machina tools with a total value of £3.1m bas been won by TI machine tool companies **TI CHURCHILL,** Blaydon on Tyne, and **TI MATRIX,** Coventry, for equipping the new Eaton transmission factory at Manchester which replaces the plant destroyed by fire last year. The plant will make truck transmissions.

★

Orders for 200 machines worth about £1.75m were placed with Leicester-based milling machine manufacturer, **BRIDGEPORT TEXTRON,** during the first week of the Mach 80 international machine tool exhibition, National Exhibition Centre, Birmingham.

★

BARRY-WEHMILLER have won a contract worth £1.6m to equip a new bottling plant for Tanzania Breweries at Arusha. A variety of handling equipment is to be supplied, to create a complete hottling line capable of processing 36,000 ½-litre "Eurobottles" per hour.

★

FLETCHER SUTCLIFFE WILD, Yorkshire-based manufacturer of mining and materials handling equipment, has won two major orders. One, a joint venture with Weserhutte, West Germany, involves a 145 matre bridge conveyor handling 3060 tonnes/hr for a quarry development by Blne Circle Industries at Dunbar. Tha conveyor will travel on two crawler mountings, each independently driven, under the ends of the bridge section. Commissioning should take place in late 1981.

The second contract from Babcock Hydro Pneumatics, is for a mobile hopper, two belt conveyors, gantry structure and two junction houses to handle 755 tonnes/hr ash at Drax power station.

★

BRIDON WIRE, Doncaster, ls to supply its largest-ever single wire contract in the form of hright high-tensile steel wire ordered by Standard Telephones and Cables for the strength member for a major part of a new light-weight transatlantic submarine cable. When completed in 1983 the cable, known at TAT-7, will connect Lands End on the English coast with Tuckerton, New Jersey, in the U.S.—a distance of 3,410 nautical miles. With a capacity of 4,200 simultaneous connections, the cable will carry telephone calls, computer data and telex messages. Bridon Wire is already producing a large part of the wire requirement for the strength member of a submarine telephone cabla to link Taiwan and Guam. This cable, which will be ahout 1,700 nautical miles long, is being made by Simplex Wire and Cable Company, Portsmouth, New Hampshire, U.S., for Western Elactric International. These two orders amount to over £1m.

★

Scottish Gas has placed an order, totalling almost £500,000, with **PYE BUSSINESS COMMUNICATIONS,** Cambridge, for tha supply and installation of an EBX 8000 electronic telephone exchange. The system is scheduled to be operating by March 1981 in the ragional head office at Granton House, Edinburgh.

★

The engineering division of **AEG-TELEFUNKEN (UK)** has received an order valued over £450,000 for 380V motor control centres, type SV91 and hustrunking equipment for the Ras Lanuf ethylena complex, from Stone & Webster Engineering as agent for the Azzawiya Oil Refining Company, operating in The Socialist People's Libyan Arab Jamahiriya.

★

Radio Telefis Eireann, Ireland, is to purchase a new £370,000 four/five colour camera outsida broadcast unit from **LINK ELECTRONICS,** Andover. Bodywork for the unit will be supplied by Dell Technical Vehicles, Southampton, and all equipment will be supplied and installed by Link.

★

MITEL TELECOM, Slough, bas received an order from Southern Electricity Board, totalling mora than £250,000, for 22 SX200 switching systems to be supplied over the next 12 months.

★

SMF Data Services, a computer bureau, has placed an order for two **SPERRY UNIVAC** 1100/60 computers worth ahont £855,000. Installation should be complated by September.

★

FERRANTI COMPUTER SYSTEMS has received an order from Chevron Petroleum (UK) valned at £300,000 for a compnter monitoring and control system on the North Sea Ninian Field.

★

Tha Weston-super-Mare firm of **CONCARGO** has won an order for more than £500,000 worth of refrigerated containers, to be used on the route connecting Autralasia with the Gulf State. Tha order is for 144 Isofreeze containers, placed on behalf of P & O Strath Services. They will be fitted with Email two-piece refrigeration machinery.

★

Tha National Coal Board has placed a contract worth £500,000 with **QUALTER HALL AND COMPANY,** Barnsley, Sonth Yorkshire, to connect Honghton Main with Dearne Valley Colliery by half a mile of helt conveyors. The company is installing four belt conveyors which will form the link between the two collieries, one bifurcated chute with hydraulic operating gear to the existing Dearne Valley Conveyor, one discharge chute and a 6 ft diameter spiral chute. Also being supplied and erected are four conveyor gantries and four conveyor steel framed transfer house buildings.

★

ROLLS-ROYCE MOTORS, Crewe, has signed a potentially multi-million pound contract to manufacture castings for tbe nozzle guide vanes in the RB199 engine which powers the new European multi-role combat aircraft, the Tornado. The contract, which may last up to 15 years, will be worth half a million pounds a year. Rolls-Royce Motors has no connection with Rolls-Royce which is government owned and manufactures gas turbine engines.

★

GRADWOOD of Stockport, Greater Manchester, has received a contract worth £140,000 for smoke, heat and fume removal powered roof ventilators. The contract has been placed by Lancashire United Transport for powered extractor fans at its bus depots at Atherton and Swinton.

★

A contract worth about £245,800 has been awarded to **VENN BROS. (CORNWALL)** of Penzance by the Department of Industry for work on two factories at Long Rock, Penzance. Work has started and the premises should be ready for occupation in January 1981. The Department has also placed a conlract worth about £122,300 with **J. WIMPENNY AND CO,** of Huddersfield for work on an advance factory at Spa Mills, Slaithwaite, W. Yorks. Work has started and the premises should be ready by October.

★

FODENS has orders for medium mobility military vehicles from the Ministry of Defence, and an order for low mobility vehicles from the Royal Air Force. Thesa orders are worth about £5m. The MOD has ordered seven 6 x 6 G.S. recovery vehicles which will be fitted with an EKA D2030 top hamper and Fairey 10-ton front winch; and four 6 x 6 hallasted tractor units fitted with Reynolds Boughton body and 50,000 lbs winch. For the first time Fodens has won a contract with the RAF for 38 low mobility vehicles. These will be 8 x 4 rhd fuel tankers fitted with 22,500 litre Thompson aluminium aviation fuel tanks.

★

Edinburgh regional computing centre has placed an order with **INTERNATIONAL COMPUTERS** for a dual 2972 compnter system. Valued at £1.6m tha computer system will be installed during the summer vacation and will give a service to Edinburgh University from this autumn.

★

HESTAIR DENNIS, Guildford, has won a fire appliance contract from Kent for 30 RS water tenders. The orders are worth almost £1.5m.

★

A contract to supply newspaper bundle underwrapping and cross-strapping equipment to Times Newspapers has been secured by **PAKSEAL INDUSTRIES,** Maidenhead, Berkshire. The 10 tandem strappers and a similar number of bundle under-wrappers, are worth over £250,000.

★

BABCOCK-BRISTOL—a member of the Babcock Industrial and Electrical Products group—has a contract worth £171,000 for control and associated instrumentation in two coal-fired power stations in the Peoples' Republic of China, as part of a programme of conversions from oil to coal firing.

★

WADKIN MACHINE TOOLS has been awarded a £660,000 order from British Rail Engineering locomotive works at Derby for two TCH1545 heavy dnty CNC travelling table machining centres.

★

Cameron Iron Works has awarded a contract worth about £565,000 to **BALFOUR BEATTY CONSTRUCTION (SCOTLAND)** a member of the BICC Group, for the construction of a new office facility at Livingston, West Lothian.

★

LEWIS OFFSHORE, Stornoway-based heavy fabrication facility of Fred Olsen, has won a £500,000 contract from Phillips Petroleum for construction of the flare tower and helideck for tha Maureen field platform.

★

A £250,000 contract to install widespan bolt-free adjustable steel shelving at Kay and Co.'s new warehouse in Leeds has been awarded to **METALRAX,** Birmingham. Metalrax widespan provides flush surfaces up to 2.7 metres wide without the nse of intermittent uprights, and 1,800 bays are to be installed in the new warehouse.

★

HAWKER SIDDELEY WATER ENGINEERING has an order worth nearly £250,000 for the first "Flockation" type potable water treatment plant to be ordered by Egypt. The pre-fabricated unit in Cairo will accept raw water from tha Nile River, purify it and introduce it directly to the distribution network. The plant, with a flow of 200 cu. metres/hr, ls a complete unit, incorporating flocculation, flotation, filtration and sterilisation.

★

BALFOUR BEATTY CONSTRUCTION has been awarded a contract hy Tesco Stores valued at £200,000 for the completion of a vegetable packing and supermarket unit at Leigh, Greater Manchester.

★

Wesleyan and General Assurance Society is to replace its Honeywell 2200 computer with a **HONEYWELL** Level 64/DPS 4. The societyplans to move from purely batch to on-line processing. Valued at £312,000, the system will include a one megahyte central processor, with four 200 megahyte disks, four tape drives, line printer, card reader and 10 visual display terminals.

Last phase of Redditch shopping centre

The final phase of a shopping centre has begun at Redditch New Town, Worcs, at a cost of nearly £4m. Redditcb Development Corporation have awarded the contract to **BRYANT CONSTRUCTION** for the scheme which inclndes a 50,000 sq ft store for Marks and Spencer and a 45,000 sq ft premises for British Home Stores. The development will become part of the undercover Kingfisher Centre.

★

Three contracts totalling £1.24m have been won by Trafalgar House company **CEMENTATION CONSTRUCTION.** The largest order, worth nearly £1m, is for advance roads, culverts and drains for Costain's speculative Yarmside development. The other two contracts are for industrial work at Portishead for the CEGB and the construction of a fuel storage area for Esso at Turnhouse Airport, Edinburgh.

★

HENRY SIMON has heen awarded a contract worth £1m to undertake a major reconstruction of the Spillers-French flour mill in Cambridge. The contract is for the design, supply and installation of wheat cleaning, flour milling and process plant.

★

SERCK CONTROLS, Leamington Spa, has been awarded contracts totalling over £850,000 for technical consultancy and supply of a computer system for the gas anthority Gradska Plinara Zagreb, Yugoslavia. The system will be used for supervision of a high pressure gas distribution network for the City of Zagreb.

★

National Supply Company (UK) has placed orders worth £750,000 for three numerically controlled vertical horing machines manufactured by **SCHIESS-FRORIEP.**

★

NEWELL DUNFORD ENGINEERING, Surhiton, has been awarded contracts totalling nearly £750,000. For export to Nigeria, a complete manufacturing plant capable of processing the root crop cassava into a foodstuff known as gari; for British Sugar Corporation: four wet dust collection units for a beet pulp nutting plant (this contract was awarded by Crabourne Services), for Norit Clydesdale — Glasgow: a kiln and drying installation to produce activated carbon (this contract was awarded through Crawford and Russell International).

★

DANIEL INDUSTRIES has a £700,000 order from Phillips Petroleum, for fiscal measurement of crude oil on the Maureen production platform. Metering and proving will be done by two skid mounted packages consisting of four turbine meters and a bi-directional meter prover.

★

The John Smith division of **ADAMSON BUTTERLEY** has won a £500,000 contract to provide 14 travelling overhead cranes for the NCB's Selby coalfield project. The contract comprises two identical orders — seven cranes going to Dowsett Engineering Construction for the Stillingfleet mine and seven to fairclough Building for the Riccall mine. At both sites the cranes one of 35 tonne capacity, one 30 tonne, three 10 tonne, and two 5 tonne capacity, will be used for general duties.

★

AFA-MINERVA (EMI) is installing nearly £500,000-worth of fire protection systems in Berkshire's new headquarters complex at Shinfield Park, Reading.

★

A contract worth over £500,000 bas been awardad by Warrington Development Corporation to **A. STREETER (NORTHERN),** Leeds, for a network of foul and surface water sewers to serve the proposed Callands residential area of Warrington New Town. The sewers are on a separate system and will be constructed in open cut single, dual and multiple trench.

★

An order worth over £500,000 to install a pallet bandling system in the Workington mill of Thames Board has been received by **PATERSON HUGHES ENGINEERING COMPANY** Sevenoaks, Kent, a member of the Capper Neill Group. The system, controlled by a programmable logic controller is designed to handle wooden pallets (loaded with sheets of packaging board) of any size between a minimum width or length of 635mm and a maximum width or length of 1,600mm. Capacity of the system is 50 pallets/hour. Loaded pallet weight is a maximum of one tonne and an average of 0.65 tonne.

★

THE DECCA NAVIGATOR COMPANY, a member of the Racal Electronics Group, has won a contract worth more than £400,000 fur equipment for the air terminals at Porto Santos and Funchal, which are being upgraded with Doppler VOR (VHF Omni Range) systems as part of a complete modernisation plan. The contract, awarded by Aeroportos e Navegacao Area Ep for two civil aviation radin heacons, is the inilial phase of a ptan tn introduce a nnmber of new navigation beacons throughout the Portuguese territories.

★

Baring Brothers and Company has placed an order worth £250,000, with **PYE BUSINESS COMMUNICATIONS** of Cambridge, for the supply and installation of an EBX 8000 electronie tetephone exchange at the company's bead office in Bishopsgate. The low range exchange will hove the capacity to handle 60 exchanga lines and 490 extensions. The system is scheduled to he operational by July 1981.

★

A £250,000 contract for air-handling equipment for ICL's new micro-chip factory has been won by **BAHCO VENTILATION** Banbury, Oxon. A total of 101 air handling units will be used at its micro-chip factory in Wesl Gorlon, Manchester.

UNITED STATES

	1978 Units	1978 %	1979 Units	1979 %
General Mntors	5,385,282	47.6	4,917,911	46.2
Ford	2,582,702	22.8	2,140,368	20.1
Chrysler	1,146,258	10.1	949,598	8.9
VW of America	23,017	0.2	166,917	1.6
American Motors Corporation	170,739	1.5	147,956	1.4
Total domestic	9,307,578	82.3	8,322,750	78.2
Toyota	441,800	3.9	507,816	4.8
Nissan (Datsun)	338,096	3.0	472,252	4.4
Honda	274,876	2.4	353,291	3.3
VW-Audi	257,165	2.3	167,809	1.6
Mazda	75,309	0.7	156,533	1.5
Snbaru	103,274	0.9	127,871	1.2
Other Imports	509,980	4.5	535,678	5.0
Tntal imports	2,000,500	17.7	2,321,250	21.8
Total domestic and imports	11,308,078		10,644,000	

U K

	1978 Units	1978 %	1979 Units	1979 %
Fnrd	253,958	15.95	248,550	14.48
BL	358,104	22.49	320,238	18.65
Vauxhall (GM)	95,803	6.02	94,732	5.52
Talbot (PSA)	94,650	5.95	83,072	4.84
Others	4,357	0.27	3,779	0.22
Total domestic	806,872	50.68	750,371	43.72
Ford imports	138,408	8.70	237,009	13.81
BL imports	15,689	0.99	16,746	0.98
GM imports	58,286	3.67	46,212	2.69
PSA imports	81,214	5.10	108,355	6.31
Fiat and Lancla	84,250	5.29	79,864	4.66
Renault	69,627	4.37	93,468	5.45
VW/Andl	63,222	3.97	76,288	4.44
Datsun (Nissan)	101,735	6.39	102,395	5.97
Total Japanese	174,494	10.96	185,084	10.78
Other imports	99,879	6.27	122,878	7.16
Total imports	785,069	49.32	965,904	56.28
Total domestic and imports	1,591,941		1,716,275	

WEST GERMANY

	1978 Units	1978 %	1979 Units	1979 %
VW/Audi	761,914	29.14	776,744	30.26
Opel	514,932	19.70	470,766	18.34
Ford	319,279	12.21	277,570	10.81
Mercedes	213,550	8.17	234,110	9.12
BMW	154,567	5.91	153,920	6.00
Porsche	11,368	0.43	12,001	0.47
Others	600	0.03	734	0.02
Tntal domestic	1,976,210	75.59	1,925,845	75.02
Renault	122,269	4.68	130,106	5.07
PSA—Peugeot/Citroen	159,596	6.11	133,421	5.20
Fiat/Seat	92,404	3.53	84,256	3.28
Japanese	96,771	3.70	147,020	5.73
Ford*	44,350	1.70	24,109	0.94
VW/Audi	16,315	0.62	20,969	0.82
GM*	7,111	0.27	10,268	0.40
Others	99,325	3.80	91,123	3.55
Total imports	638,141	24.41	641,272	24.98
Total domestic and imports	2,614,351		2,567,117	

* Excludes imports from Belgium.

A good year for car importers

By KENNETH GOODING, Motor Industry Correspondent

THE WORLD'S major car markets presented a mixed picture in 1979. There were record sales in France, Japan and the UK. But in the U.S., the world's biggest individual market, and West Germany, the largest in Western Europe, registrations fell hack from their peaks.

The U.S. market is liable to volatility because it is saturated—nearly everybody who can afford a new car has one. In the .wake of the oil supply crisis which followed the revolution in Iran, huyers snapped up smaller cars with lower fuel consumption. But there were not enough of that type heing produced in the U.S. and importers could not keep up with the demand. Purchases of new cars were delayed.

So the U.S. market, forecast to rise to 11.5m at this time last year, eventually slipped badly to 10.6m. Importers took a record 21.8 per cent of the total and this has risen steeply to reach 27 per cent in the early months of 1980.

The situation in West Germany represented a return to normality in a market which in the previous two years at least had been rather overheated.

Once again it was the higger cars which bore the brunt of the downturn in demand. The multi-nationals, Ford and Opel (owned by General Motors) felt the impact most; local producers Daimler-Benz (Mercedes) and BMW were protected hy their big hacklog of orders.

Opel's performance was strengthened during the year hy the launch of the new Kadett, the European version of GM's latest "world car." It offers all the right ingredients—front-wheel-drive to give lots of passenger space and good fuel economy.

Ford suffered on the other hand from a shortage of Fiestas (mainly imported from Spain) aod because it was widely known that the Escort—never a very popular vehicle in Germany—was soon to he replaced. Ford's new Escort, previously code-named Erika, will not he launched until October and will not have much chance to make its mark on the 1980 sales figures.

It has been apparent for aome tima that the Japanese have selected Germany as a prime target. The Japanese penetration of that market rose from 2.5 per cent in 1977 to 3.7 per cent in 1978 and 5.73 per cent last year. In the early months of 1980 the Japanese have captured 7 per cent.

Renault also has a list of target markets and these include Germany and tbe UK. As a result, Renault Increased both unit sales and market share in a declining German market last year. In the UK it did even better, as that market continued to hoom.

Volkswagen-Audi kept a firm grip on its home market, increasing its market share to more than 30 per cent. VW-Audi or VAG—the official group title—now has the cars the markets demand and only capacity constraints stopped it from making even further ndvances last year.

VAG improved its range in the last two months of 1979 with a three-box version of the Golf, called the Jeta. This "Golf with a hoot" should help VAG maintain third place in the West European sales league this year even though its home market is expected to show a decline of 10 per cent or so.

In France, PSA, the Peugeot-Citroen-Talbot group, with a market share of more than 42.5 per cent, and Renault, with nearly 35 per cent, laft little room for imports. Even so, VAG increased its market penetration from 3 to more than 4 per cent.

Prohlems with the Talhot marque in particular affected PSA's performance last year. In France its sales dipped and although it remained No. 1 in Western Europe its market share fell from 17.89 to 16.47 per cent following a volume decline from 1,792,709 to 1,703,074.

Renault retained second place in Western Enropean sales. Its market share iocreased from 12.78 to 13.46 per cent and its unit sales improved from 1,279,737 in 1978 to 1,392,019 in 1979.

VAG jumped two places up the Western European league table after huilding its market sbare from 11.34 to 11.98 per cent and volume from 1,136,059 to 1,238,978.

This pushed Fiat back one place. The Italian group's market share fell from 12.82 to 11.94 per cent and nnit sales from 1,241,006 to 1,235,053.

Ford of Europe also lost ground. Its market share slipped from 12.14 to 11.88 per cent even though unit sales increased from 1,216,137 to 1,228,775.

Sixth place in Western European sales again went to General Motors (Opel and Vauxhall) with a market share decrease from 10.08 to 9.31 per cent and nnit sales down from 1,010,056 to 962,295.

Total imports in Western Enropean markets went up from 8.19 to 9.59 per cent, with sales increasing from 820,145 to 991,363. The Japaoese accounted for most of the imports. Their market penetration improved from 6.36 to 7.28 per cent

Apart from losing market share in Western Europe, Fiat also slipped in its home market, taking 50.48 per cent of Italian sales compared with nearly 53 per cent in 1979.

Toyota and Nissan (the Dataun group) continue to outpace their rivals in Japan, hut there ls some jostling for position further down the ranks.

Last year Daihatsu overtook Subaru (owned by Fuji Heavy Industries) in the Japanese market. Both make four-wheel-drive vehicles among the more conventional types but Daihatsu,, closely linked with Toyota which owns 10 per cent of its car manufacturing subsidiary, manufactures smallar cars.

Imports to Japan improved their position only slightly in 1979 and were still well under 2 per cent.

JAPAN

	1978 Units	1978 %	1979 Units	1979 %
Toyota	1,081,919	37.9	1,142,428	37.66
Nissan (Datsun)	834,502	29.2	890,501	29.36
Mitsubishi (Colt)	261,345	9.1	280,339	8.79
Tnyo Kogyo (Mazda)	171,865	6.0	203,152	6.69
Honda	171,274	6.0	175,950	6.80
Daihatsu	97,725	3.4	99,939	3.29
Fuji Heavy Inds. (Suharu)	80,111	2.8	82,198	2.70
Suzuki	60,038	2.1	65,542	2.16
Isuzu	48,613	1.7	50,474	1.66
Total domestic	2,807,192	98.2	2,976,986	98.14
Total imports	50,347	1.8	56,463	1.86
Total domestic and imported	2,857,566		3,033,449	

FRANCE

	1978 Units	1978 %	1979 Units	1979 %
PSA Peugeot/Citroen	865,814	44.52	840,610	42.53
Renault	665,860	34.23	691,544	34.99
Others	7,381	0.38	6,267	0.32
Total domestic	1,539,055	79.13	1,538,421	77.84
Ford	86,256	4.43	79,277	4.01
Fiat/Seat	70,742	3.64	71,894	3.64
VW Andl	56,764	2.92	79,942	4.04
Japanese	35,365	1.82	42,625	2.16
General Motors	44,214	2.27	37,969	1.92
Talhot (PSA)	1,880	0.09	8,503	0.43
Others	110,710	5.70	117,759	5.96
Total imports	405,931	20.87	437,969	22.16
Total domestic and imports	1,944,986		1,976,390	

ITALY

	1978 Unita	1978 %	1979* Units	1979* %
Fiat/Seat	623,771	52.91	670,329	50.48
Alfa Romeo	86,794	7.36	92,359	6.95
Innocenti	27,984	2.37	31,518	2.37
Others	4,083	0.35	4,600	0.35
Total domestic	742,632	62.99	798,806	60.15
Renault	95,859	8.13	130,241	9.80
PSA	134,754	11.43	160,961	12.12
Ford	62,342	5.29	66,193	4.98
GM	49,915	4.23	49,516	3.73
VW/Andl	43,914	3.72	68,153	5.13
Fiat/Seat imports	3,004	0.25	3,400	0.26
Other imports	48,594	3.96	50,730	3.83
Total imports	436,382	37.01	529,194	39.85
Total domestic and imports	1,179,014		1,328,000	

* Estimated.

Sierra Leone gears up for OAU summit

BY MARK WEBSTER, RECENTLY IN FREETOWN

THERE IS frantic activity in Sierra Leone's usually languld capital, Freetown. Roads are being resurfaced, drains dug and lamp posts erected at n pace unfamiliar in the hnmid coastal city. But a great deal has still to he done before the rains set in if Sierra Leone is to be ready to host the 17th Organiaatlon of African Unity aummit meeting which begins with a ministerial conference on June 16.

It will be a personal triumph for President Siaka Stevens when he takes over the chairmanship of the OAU. Since he came back to power in 1968 ha has become one of the old men of African diplomacy and has pushed his country's role on the international stage. But his enthusiasm for tha event is not shared by everyone.

The main reason for discontent is that expenditure on the OAU meeting, officially put at 123m Leones (£51m), has placed a considerable additional strain on an economy already creaking with mismanagement, corruption and the soaring price of importad fual. A 31 per cent rise in petrol prices recently provoked demonstrations.

The rickety state of the country's finances combined with rumours that the President may step down after his year as OAU chairman have heightened the dissatisfaction. Moreover, recent events in neighbouring Liberia, where President William Tolbert was overthrown during his chairmanship of the Organisation, have ohviously caused a fluttar in Sierra Leone.

To cover some of the cost of the summit the Government has slashed the development budget, and to ease the desperataly tight foreign exchange position no import licences were issued between the beginning of the year and mid-May. However, to guarantee supplles Leones 49m-worth of import licences issued last year had their validity extaoded and the Ministry of Finance says licences will now be issued again in time for the OAU meeting.

In fairness tn the Government, it has tried to limit the costs of the summit hy rejecting such extravagant proposals as a hovercraft service from the airport to the town centre. It has also tried to cut incidental expenditure by improving accommodation in university halls of residence to house some of the anticipated 4,000 guests, instead of hiring two luxury liners as Liberia did last year.

But the Finance Ministry does not deny that the OAU has completely upset development priorities which were supposed to concentrate on agriculture. Nor does it contest the fact that Sierra Leone's economy was already in a critical condition with falling production of its major export earner—diamonds—and the rising bill for oil which swallows one-third of total foreign exchanga earnings.

Despite the cutbacks in Government spending, the latest revision of the budgetary deficit for the curreot financial year shows a resonrce gap of some Leones 120m. Economists say that figure may have to be revised again by the end of the financial year in June, as will the estimated overall balance of payments deficit of Leones 45m.

The uncertainty over what the final bill for the OAU will be has forced foreign aid doners and creditor nations to wait until the summit is over hefore making decisions. The same is true of the International Monetary Fund, which reached agreement with the Government in October 1979 for SDR 17m standhy credit with the usual conditinns of cutting budgetary nnd balance of payments deficits, slowing the growth of credit and money supply but not, as it has in the past, insisting on devaluation.

Controls on Government spending were the quickest way to contain money supply growth since it had been the main expansionary factor in the past. Government credit from the banking system, mostly from the Central Bank, grew over 40 per cent between June 1978 and March 1979, hut has since slowed somewhat.

One hopeful sign is that with the IMF agreement signed, Sierra Leone was able to reschedule some Leones 27.5m of its total external deht, which now stands at Leones 350-400m. The Ministry of Finance says it will ask the Paris Club of international creditor nations to look again at the spread of the country's deht after the OAU meeting with a view to establishing a realistic repayment schedule over the next three or four years.

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling continued to improve in currency markets yesterday, with business fairly heavy on the first day after the long weekend. There were no new factors, and demand for sterling reflected the high level of interest rates in London, and the increasing benefits of North Sea oil. Against the dollar it rose to its best level since March 1975, closing at $2.3700-2.3710, a rise of 2.55c from Friday, but slightly down from levels seen in Far Eastern markets. It opened at $2.3625 and dipped briefly to $2.3555 before coming back quite quickly to $2.3600. It reached a best level of $2.3785, but traded between $2.37 and $2.3750 for much of the afternoon. The pound was also firmer against European currencies, rising to DM 4.1775 from DM 4.1725 and FFr 9.7425 against FFr 9.7250.

On Bank of England figures, the pound's trade weighted index finished at a new five year high of 74.7 compared with 74.3 on Friday. It was higher at the noon calculation at 74.9, up from 74.6 in the morning.

The dollar attracted central bank support as U.S. interest rates continued to decline. Prime rates moved closer into line with Euro-dollar rates, with some major banks cutting their prime rates to 14 per cent. The U.S. unit was slightly above the day's lows but was well down from closing rates on Friday. Against the D-mark it fell to DM 1.7615 from DM 1.7785 and SwFr 1.6375 compared with SwFr 1.6500. The Japanese yen was also firmer with the dollar slipping to Y218.20 from Y221.25. On Bank of England figures, the dollar's trade weighted index fell from 84.1 to 83.4.

D-MARK — Showing renewed strength against the dollar and steady within the European Monetary System, following firmer rates in Frankfurt and lower U.S. interest rates — The Bundesbank bought $20m at yesterday's fixing in Frankfurt, when the dollar was fixed lower at DM 1.7682 compared with DM 1.7830 on Friday. A continued fall in U.S. interest rates was responsible for the continued switch of funds into sterling and the D-mark, and some dealers suggested that the dollar may well fall further before stabilising. Elsewhere sterling rose to DM 4.1970 from 4.1660 and the Swiss franc was higher at DM 1.0770 compared with DM 1.0755½.

BELGIAN FRANC — No longer weakest member of the EMS, being helped by record interest rates earlier this year. Tending to ease back a little recently following a gentle easing in interest rates — The Belgian franc was generally weaker at yesterday's fixing in Brussels, with sterling higher at BFr 67.395 compared with BFr 66.71 and the D-mark rising to BFr 16.041 from DM 16.0215. On the other hand the dollar fell to BFr 28.3575 from BFr 28.5562½, and the French franc eased to BFr 6.874 compared with BFr 6.875.

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen recover — The dollar recovered against the yen in Tokyo yesterday to close at Y220.90 compared with Y218.325 previously. There did not appear to be any significant intervention by the Bank of Japan, with dealers suggesting that the dollar's rise was probably a technical reaction to its recent fall. Commercial demand for the U.S. unit was quite heavy with selling pressure failing to materialise later in the day.

THE POUND SPOT AND FORWARD

May 27	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3555-2.3785	2.3700-2.3710	1.72-1.62c pm	8.45	4.20-4.10 pm	7.00
Canada	2.7350-2.7675	2.7450-2.7460	1.30-1.20c pm	5.40	4.65-4.50 pm	9.68
Nethlnd.	4.57½-4.62½	4.58¾-4.59¾	2¾-1¾c pm	5.88	6¾-5¾ pm	5.44
Belgium	66.85-67.50	67.00-67.10	10c pm-par	0.89	30-20 pm	1.49
Denmark	13.02-13.12	13.02½-13.03½	2½-4½ore dis	−3.22	5½-7½ dis	−2.00
Ireland	1.1190-1.1235	1.1215-1.1225	0.03p pm-par	0.10	0.22-0.17 pm	0.70
W. Ger.	4.16-4.21	4.17¼-4.18¼	3½-2½pf pm	8.62	8-7 pm	7.15
Portugal	114.80-115.10	115.50-115.70	15c pm-20c dis	−1.82	30pm-60dis	−1.90
Spain	165.20-166.70	165.25-165.35	90-30c pm	4.36	115-50 pm	2.00
Italy	1,960-1,974	1,968-1,969	7-9lire dis	−4.88	13-15 dis	−2.65
Norway	11.45-11.57	11.48-11.49	5-3½ore pm	4.44	12¾-11 pm	4.11
France	9.73-9.81	9.73¾-9.74¾	4¼-3¼c pm	4.62	10¼-9¼ pm	4.00
Sweden	9.82-9.90	9.84¾-9.85¾	3¾-2¾ore pm	3.35	6½-5½ pm	2.44
Japan	517-525	519-520	2⅞-2⅛y pm	5.92	5¾-5 pm	4.09
Austria	29.75-30.00	29.81-29.86	21-16gro pm	7.44	55-45 pm	6.70
Switz.	3.86½-3.91½	3.87¾-3.88¾	4-3c pm	10.82	10¾-9¾ pm	10.43

Belgian rate is for convertible francs. Financial franc 67.50-67.60. Six-month forward dollar 7.45-7.35c pm. 12-month 10.90-10.70c pm.

THE DOLLAR SPOT AND FORWARD

May 27	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3555-2.3785	2.3700-2.3710	1.72-1.62c pm	8.45	4.20-4.10 pm	7.00
Ireland†	2.1040-2.1135	2.1100-2.1130	1.58-1.48c pm	9.13	4.25-4.10 pm	7.96
Canada	1.1577-1.1603	1.1577-1.1580	0.30-0.35c dis	−3.37	0.43-0.48dis	−1.57
Nethlnd.	1.9370-1.9445	1.9370-1.9385	0.37-0.47c dis	−2.60	0.70-0.80dis	−1.55
Belgium	28.37-28.385	28.27-28.29	15-18c dis	−7.00	38-42 dis	−5.66
Denmark	5.4885-5.5135	5.4885-5.4900	4.80-5.30oredis	−11.04	12.1-12.6dis	−9.00
W. Ger.	1.7590-1.7730	1.7610-1.7620	par-0.10pf dis	−0.34	0.10 pm-par	0.11
Portugal	48.65-48.82	48.67-48.77	30-45c dis	−9.24	75-120 dis	−8.01
Spain	69.82-70.05	69.82-69.87	35-50c dis	−7.30	120-155 dis	−5.66
Italy	830.00-830.75	830.00-830.75	8-9lire dis	−12.28	22.5-25.0dis	−11.44
Norway	4.8455-4.8645	4.8455-4.8465	1.40-1.80ore dis	−4.09	3.30-3.80dis	−2.93
France	4.1030-4.1285	4.1070-4.1090	1.25-1.35c dis	−3.80	3.10-3.30dis	−3.12
Sweden	4.1600-4.1815	4.1605-4.1615	1.65-1.85ore dis	−5.05	4.55-4.65dis	−4.42
Japan	218.70-220.80	219.15-219.25	0.50-0.70y dis	−3.28	1.60-1.80dis	−3.10
Austria	12.565-12.62	12.565-12.575	0.90-1.50gro dis	−1.15	par-1.75dis	−0.28
Switz.	1.6355-1.6485	1.6370-1.6380	0.54-0.44c pm	3.59	1.85-1.75 pm	4.40

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.552168	0.604641
U.S. $	13	1.31271	1.41100
Canadian $	11.83	1.59274	1.64000
Austria Sch	6¾	16.8990	17.9620
Belgian F	14	37.4961	40.3515
Danish K	13	7.30523	7.85302
D'Mark	7½	2.34056	2.51779
Guilder	10	2.57094	2.75597
French Fr.	9½	5.45103	5.86411
Lira	15	1098.07	1191.35
Yen	9	293.129	315.101
Norwgn. Kr.	9	5.41062	6.89273
Spanish Pts.	9	99.6931	99.6730
Swedish Kr.	10	5.40597	5.91449
Swiss Fr.	3	2.17975	2.34649

CURRENCY MOVEMENTS

May 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.7	−31.3
U.S. dollar	83.4	−10.0
Canadian dollar	91.1	−16.7
Austrian schilling	155.9	+24.1
Belgian franc	115.7	+14.1
Danish kroner	106.7	−4.4
Deutsche mark	155.1	+44.5
Swiss franc	196.7	+78.5
Guilder	125.2	+19.4
French franc	101.2	−6.0
Lira	53.5	−50.9
Yen	199.0	+97.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 27	£	$		£ Note Rates
Argentina Peso	4203-4313	1809-1910	Austria	29.75-30.50
Australia Dollar	2.0630-2.0650	0.8690-0.8700	Belgium	67.60-68.25
Brazil Cruzeiro	119.33-119.33	49.935-50.135	Denmark	12.99-13.00
Finland Markka	9.71-8.715	3.6435-3.6455	France	9.72-9.82
Greek Drachma	100.608-02.343	49.80-42.95	Germany	4.18-4.21
Hong Kong Dollar	11.6550-11.6550	4.906-4.909	Italy	1917-1085
Iran Rial	n/a	n/a	Japan	519-524
Kuwait Dinar(KD)	0.026-0.636	0.2075-0.3078	Netherlands	4.0750-4.6050
Luxembourg Frc.	67.00-67.10	29.27-28.29	Norway	11.45-11.53
Malaysia Dollar	5.1150-5.1270	2.1570-2.1590	Portugal	110-115
New Zealand Dlr.	2.3875-2.3895	1.006-1.007	Spain	161.75-166.50
Saudi Arab. Riyal	7.80-7.90	3.3210-3.3290	Sweden	9.91-9.86
Singapore Dollar	0.066-5.078	2.1365-2.1385	Switzerland	3.8875-3.8905
Sth. African Rand	1.8275-1.8305	0.7830-0.7836	United States	2.368-2.378
U.A.E. Dirham	8.08-8.78	3.6930-3.6990	Yugoslavia	47.50-51.00

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4027	+1.54	+0.52	±1.53
Danish Krone	7.72336	7.84751	+1.61	+0.59	±1.64
German D-Mark	2.48208	2.52010	+1.53	+0.51	±1.125
French Franc	5.84700	5.87494	+0.48	−0.54	±1.3557
Dutch Guilder	2.74362	2.76729	+0.86	−0.15	±1.512
Irish Punt	0.668201	0.676824	+1.31	+0.29	±1.668
Italian Lira	1157.79	1183.68	+2.24	+1.73	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.371	4.179	519.5	0.743	3.883	4.595	1969	2.746	67.05
U.S. Dollar	0.422	1.	1.762	219.2	4.110	1.638	1.937	930.4	1.158	28.29
Deutschemark	0.239	0.567	1.	124.4	2.332	0.929	1.099	471.2	0.657	16.05
Japanese Yen 1,000	1.925	4.563	8.041	1000.	18.75	7.474	8.840	3789.	5.285	129.1
French Franc 10	1.026	2.433	4.288	533.2	10.	3.985	4.714	2021.	2.918	69.82
Swiss Franc	0.258	0.611	1.076	133.8	2.509	1.	1.183	507.0	0.707	17.27
Dutch Guilder	0.218	0.516	0.910	113.1	2.121	0.845	1.	429.9	0.598	14.60
Italian Lira, 1,000	0.506	1.204	2.122	263.9	4.948	1.072	2.333	1000.	1.395	34.60
Canadian Dollar	0.364	0.863	1.522	189.2	3.549	1.414	1.673	717.0	1.	24.42
Belgian Franc 100	1.491	3.535	6.230	774.8	14.53	0.790	0.849	2936.	4.085	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.65-8.75 per cent; three-months 8.80-8.90 per cent; six months 8.80-8.90 per cent; one year 8.95-9.05 per cent.

May 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17¼-17½	8⅛-9⅜	—	11⅛-11⅜	1¼-1½	9¼-9⅜	18¼-18⅛	20-30	—	11¼-11¾
7 days' notice	17¼-17½	8¼-8½	15-17	11⅛-11⅜	6½-7	9⁷⁄₁₆-9⁹⁄₁₆	12¼-12½	27-33½	9⅝-8½	11⅞-12⅛
Month	18¼-19½	8¹³⁄₁₆-9¹⁄₁₆	11⅜-11¾	11⅛-11⅜	5⅜-5½	9⅜-9½	12⅝-12⅞	21-23	9½-8⅞	12⁵⁄₁₆-12⅞
Three months	17⅛-17⅜	9⅛-9⅜	10⅞-11¼	11⅛-11⅜	5¼-5⅜	9½-9⅝	12½-18¾	21-22½	9⅜-9⅛	12½-12⅝
Six months	16½-10¾	9⅛-9⅞	10⅛-10½	10⅞-11⅛	5⅛-5¼	9¼-9⅞	12⅜-12⅞	19½-20½	9⅛-9⅝	11⅞-12⅛
One year	10⅛-10⅝	2½-9⅛	9⅞-10¼	10¾-11	5⅜-5⅛	8⅛-8½	12⅜-13⅛	19-20	9½-9⅝	10-10¼

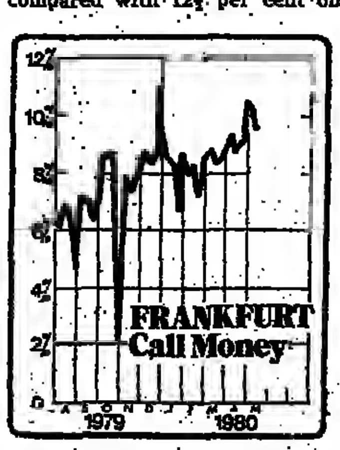
Long-term Eurodollar two years 10¼-10½ per cent; three years 10¼-10½ per cent; four years 10⅜-10⅝ per cent; five years 10½-10¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates steady

European interest rates showed little overall change yesterday after the long weekend. Rates in Frankfurt barely moved, but eased slightly in places. Call money was quoted at 9.50 per cent, unchanged from Friday, with six-month money slightly easier at 9.90 per cent compared with 9.95 per cent previously.

In Paris call money continued to ease, falling to 12¾ per cent compared with 12½ per cent on



Friday, and the previous week's two-month peak of 13 per cent. Longer term rates were quoted at 12¹¹⁄₁₆ per cent from one to 12-month inclusive.

In Zurich four major Swiss banks, Bank Corp., Credit Suisse, Union Bank and Volksbank reduced their time deposit rates in the non-bank sector to 4¾ per cent from 5¼ per cent for three to 12-month deposits. Rates were last cut on May 9. The latest move applies to sums over SwFr 250,000, with deposits down to SwFr 100,000 attracting 4 per cent compared with 4¼ per cent previously.

In Amsterdam interbank rates were slightly firmer, with call money rising to 11⅞ per cent from 11⁹⁄₁₆ per cent and three-month money higher at 11¾ per cent against 11⁹⁄₁₆ per cent. The six-month rate eased however, to 11¼ per cent from 11⁵⁄₁₆ per cent.

GOLD

Slight rise

Trading in gold was restricted to a very tight band in the London bullion market yesterday, with a closing level of $513-516, just $¼ an ounce higher than Friday's close. Despite the small spread seen during the day, trading was quite active, and from an opening level of $512-515, the metal was fixed during the morning at $514.20 and $514.80 in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 71,900 per kilo ($542.40 per ounce) compared with FFr 71,995 ($542.36) in the morning and FFr 72,000 ($539.29) on Friday afternoon.

	May 27		May 23	
Gold Bullion (fine ounce)				
Close	$513-516	(£216½-217.9)	$518-519	(£218-220)
Opening	$512-515	(£215.8-218.2)	$510-514	(£218½-220½)
Morning fixing	$514.20	(£217.769)	$510.50	(£218.630)
Afternoon fixing	$514.80	(£216.849)	$511.25	(£219.530)
Gold Coins				
Krugerrand	$531-534	(£224-225)	$528½-530½	(£225¼-227¼)
Mapleleaf	$525-531	(£221-224)	$523-529	(£223-225)
New Sovereigns	$131½-133	(£55½-56¼)	$131½-132½	(£56-57)
King Sovs.	$159-162	(£67-59)	$156-159	(£66½-68½)
Victoria Sovs.	$160-163	(£67½-69½)	$157-160	(£67-69)
French 20s	$142-145		$139-143	
50 pesos Mexico	$641-646		$639-645	
100 Cor. Austria	$509-514		$506-511	
$20 Eagles	$638-641		$630-635	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised moderate purchases of Treasury bills both from banks and discount houses and a small number of local authority bills direct from the houses. The help was completed with small loans to 3 or 4 houses at MLR, for repayment today. The market was faced with the repayment of Friday's small official loans and there was a small net take up of Treasury bills to finance. In addition banks brought forward balances a small way below target. There were no appreciable factors in the market's favour.

Discount houses were paying up to 17 per cent for secured call loans at the start, with later balances taken as low as 15½ per cent.

In the interbank market, overnight loans opened at 17½-17¾ per cent and traded at that level for most of the morning. Rates eased to 17-17¼ per cent during the early part of the afternoon and fell as low as 15½-16 per cent before coming back to 17½-18 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	14-15½
Fed. Funds	9¾-9⅞
Treasury Bills (13-week)	7.02
Treasury Bills (26-week)	7.64
GERMANY	
Discount Rate	7.5
Overnight Rate	8.525
One month	10.075
Three months	10.175
Six months	8.90
FRANCE	
Discount Rate	9.5
Overnight Rate	12.375
One month	12.5625
Three months	12.5625
Six months	12.5625
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.75
Bills Discount (three-month)	13.875

LONDON MONEY RATES

May 27 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-18	—	—	—	17⅝	10½-17	—	—	—
2 days notice	—	—	17¼-17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17⅝	17⅜-17⅝	—	17¾	17¾	16¾-16⅞	—	—	—
One month	17¼-17⅛	17⁵⁄₁₆-17⅞	17¼-17⅜	18¼-18	17⅝	17⅝	16¾	16⅜-15⅞	17¼-17⅛	17¾
Two months	17⅞-17⅛	17⅛-17¼	—	17⅝-17⅛	17½	—	16⅝	16⅛	16⅜-16⅛	17⅝
Three months	17⅛-16⅞	17⁵⁄₁₆-17⅞	17-17⅛	17⅜-17	17⅛	17⅛	16⅜	16⅛-16⅛	16⅛	16⅞
Six months	16⅛-10	16¼-10⅝	15¼-15¼	10-15¾	16⅝	—	—	—	15⅛-15⅛	16⅝
Nine months	15⅛-15⅛	15½-15⅝	—	15⅞-15⅜	15⅛	—	—	—	—	—
One Year	14⅞-14⅛	14⅞-10⅛	16¼-16⅛	15⅛-15¼	15⅜	—	—	—	—	—
Two years	—	—	15⅛-16¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14⅞-15 per cent; four years 14¾-14⅞ per cent; five years 14¾-14¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⁵⁄₃₂-16⅛ per cent; four-month trade bills 16½ per cent.

Approximate selling rates for one-month Treasury bills 15²⁷⁄₃₂-15²⁹⁄₃₂ per cent; two-months 15²⁹⁄₃₂ per cent; three-months 19 per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 16²³⁄₃₂ per cent; three-months 16¹⁵⁄₃₂-16⅝ per cent; one-month trade bills 17⅛ per cent; two-months 17¼ per cent; and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 10.0947 per cent.

RESIDENTIAL PROPERTY

PUBLIC NOTICES

CORRECTED NOTICE
BIRMINGHAM COUNCIL BILLS

£8.0m 91 day Bills issued 22nd May 1980 mature 21st August, 1980. Applications totalled £68m. Minimum accepted price £95.97½. Average rate of discount £16.144%. Total Bills outstanding £23.25m.

COMPANY NOTICES

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

DECLARATION OF DIVIDEND NO. 142 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF R5.00 EACH

Dividend No. 142 of One Rand (R1.00) per share in respect of the six months ending 30th June 1980, has been declared payable to the holders of the 40 per cent preference shares registered in the books of the Company at the close of business on 27th June 1980, and to persons presenting coupon No. 142 detached from the preference share warrants to bearer. A notice regarding payment of dividends on coupon No. 142 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about 20th June 1980.

DECLARATION OF DIVIDEND NO. 10 ON THE 8 PER CENT CUMULATIVE SECOND PREFERENCE SHARES OF R1.00 EACH

Dividend No. 10 of 4 cents per share in respect of the six months ending 30th June 1980, has been declared payable to the holders of the 8 per cent cumulative second preference shares registered in the books of the Company at the close of business on 27th June 1980.

For the purpose of these dividends the preference share transfer registers and registers of members will be closed from 28th June 1980 to 11th July 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 31st July 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 22nd July 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 27th June 1980.

The effective rate of non-resident shareholders' tax is 9.9 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

By order of the board
J. D. E. ENGELS,
Secretary.

Head Office: 36 Stockdale Street, Kimberley, 8301.
Transfer Secretaries: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 (P.O. Box 61051 Marshalltown 2107)
Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ
28th May 1980

De Beers

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS
FREIGHT RATES TO CANADA

The member lines of the above Conference operating services from the United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, St. Lawrence River and Great Lakes ports have to advise shippers that the continuing inflationary trends are still having a serious effect on their operating costs as a result of which an upward revision in freight rates will be introduced with effect from 1st September 1980 on the following basis:

SERVICE 1 OCEAN RATES—
W (Weight) rates—to be increased by 15 per cent.
W/M (Weight/Measurement) rates and M (Measurement) rates—up to and including $60.00—to be increased by 15 per cent, over $60.00 up to and including $80.00—to be increased by 10 per cent, over $80.00—to be increased by 7½ per cent.

The Service 1 Dry Cargo Container Minima will be increased to the following basis:
20' Containers—C$1,288
40' Containers—C$2,075

Service 2 and Service 3 rates, rates per piece of package, each, per container and extra length and excess weight supplementary charges together with other container minima will be increased proportionately.

Coincidental with this increase all value scales in the Ocean Tariff will be increased by approximately 12½ per cent.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Company Ltd.
Hapag-Lloyd AG.
Manchester Liners Ltd. / Golden Cross Line Ltd. — Joint Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD., Secretaries.
Cunard Building, Liverpool L3 1DS.
May 1980.

BRASCAN LIMITED
(Incorporated under the laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of thirty cents (30 cents) and an extra dividend of twenty cents (20 cents) per share (in Canadian funds) on the Company's Class A, Class B and Class C Convertible Ordinary shares without nominal or par value, PAYABLE July 31, 1980, to shareholders of record at the close of business on July 1, 1980.

The dividend payable on Class A Convertible Ordinary shares represented by share warrants to bearer will be paid only against surrender of such bearer warrants (with coupons serial nos. 154-160, both inclusive, with talons attached) in exchange for Bearer International Depositary Receipts issued by Morgan Guaranty Trust Company of New York at Brussels, Belgium in respect of Class C Convertible Ordinary Shares of the Company or for registered share certificates of the Company. Bearer Warrants (with coupons serial nos. 154-160, both inclusive and talons attached) may be surrendered for exchange to:

CIK
59, Rue de Namur
1000 Brussels
or
Morgan Guaranty Trust Company of New York
35, Avenue des Arts
1040 Brussels.

DATED at Toronto, Canada, the 20th day of May, 1980.

By Order of the Board.
L. A. ALLEN,
Secretary.

The transfer agents of the Company are National Trust Company, Limited, Toronto, Montreal, Vancouver, Calgary, Winnipeg and Halifax, Canada, and Citibank, N.A., New York, N.Y., U.S.A. Changes of address should be notified promptly to National Trust Company, Limited at 21 King Street East, Toronto, Canada.

BRASILVEST S.A.
Société de Investimento
DL No. 1401

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Brasilvest S.A., Sociedade de Investimento DL No. 1401, will be held at Rua Gonçalves Dias 250, São Paulo, Brazil on Thursday, 29th May, 1980, for the following purposes:

1. To consider the report and accounts of the Company for the fiscal year ended 31st March, 1980.
2. To consider the payment of a dividend in respect of the 6-month period ended 31st March, 1980 of Cruzeiros 1.24 per cruzeiro share, such dividend to be paid on 4th June, 1980, and to ratify the payment of the dividend of cruzeiros 0.85 per cruzeiro share in respect of the 6-month period ended 30th September, 1979, effected on 13th November, 1979.
3. To consider the re-election of all the present Members of the Administrative Council, Messrs Marcilio Marques Moreira, Fernando Moreira Salles, Alex Harry Haegler, Julio Cesar Belisario Vianna, and Gabriel Jorge Ferreira.
4. To consider the resignation of Mr. Jean Denis Etienne Turpin, assurance placements, from, and the election of Mr. Jean-Claude Villaneuve, Caisse des Dépôts et Consignations, to, the Consultative Council and the re-election of all remaining present Members of the Consultative Council: Messrs Claude Giraud, Timothy Henry Krimbor, Eric Jean Lorsignol, Stephen John Rose, Claude Stalcor, Samuel Stevenson Jr., John William Archibald Shaw Stewart.
5. To consider the maintenance at the current level of remuneration for the Members of the Administrative Council and the Executive Board of Directors (Cruzeiros 90.00 each per annum) and for the Members of the Consultative Council (Cruzeiros 18.00 per annum).
6. To consider the payment of a fee to be on a descending sliding scale currently equivalent to 0.25% gross of the average monthly net asset value of the Fund, payable semi-annually, to be shared between the principal broker and the subscription agent to the Company.

Holders of International Depositary Receipts (IDRs) issued by Morgan Guaranty Trust Company of New York, representing depositary shares of the first, second, third and fourth series who wish to have the underlying Cruzeiro shares voted at the above meeting must deposit their IDRs no later than 23rd May at any of the paying agents:

MORGAN GUARANTY TRUST CY OF NEW YORK:
Avenue des Arts, 35, 1040 Brussels.
23 Wall Street, New York, NY 10015.
1, Angel Court, London EC2R 7AE.
38, Stockerstrasse CH 8022 Zurich

together with instructions indicating how such Cruzeiro shares should be voted or allowing Morgan Guaranty of New York to give a discretionary proxy to a person designated by the Company.

Copies of the report and accounts for the fiscal year ended 31st March, 1980 are available on request at the offices of the above paying agents.

STAR EUROPEAN FINANCE N.V.

FF 100,000,000 LOAN 8½% 1973-1988

Bondholders are hereby informed that the annual redemption instalment due 15 June 1980 has been entirely met by purchases in the market to the nominal value of FF 6,000,000.

Amount outstanding after this third instalment: FF 82,000,000.

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

WORLD STOCK MARKETS

Dow 3 higher at mid-session

NEWS OF a further reduction in Prime lending rate helped Wall Street to extend last week's good rise in active early dealings yesterday.

The Dow Jones Industrial Average, up 27 points last week, was 3.32 higher at 857.42 at 1 pm yesterday. The market was closed on Monday for Memorial Day.

The NYSE All Common Index added 33 cents at $63.38, while advances led falls by a nine-to-five margin. Turnover was a substantial 28m shares, but fell short of last Friday's 1 pm figure of 33.47m.

Three banks cut their rates to 14 per cent yesterday morning and some analysts projected a further decline, possibly to 12 per cent by mid-year.

The chairman of President Carter's Council of Economic Advisors, Charles Schulze, said in a television interview that the economy was slackening faster than the Administration had believed earlier.

Some Oil, Blue Chip and Glamour issues were strong and active. Getty Oil gained $1 to $80, Texaco ¾ to $35¼, Exxon ¾ to $65 and Standard Oil Indiana 1¾ to $104¼. IBM put on ⅞ to $55¾ and General Motors ¼ to $46⅞.

Sedco hardened ½ to $70½. Directors declared a 50 per cent stock dividend.

Flexi-van eased ⅝ to $19⅛. David H. Murdock and his affiliated companies have purchased about 4.9 per cent of the equity. Becton Dickinson shed ⅜ to $33½. American Home Products is dropping its previously announced plan to buy about 2.5 per cent of Becton.

THE AMERICAN SE Market Value Index was 2.67 higher at 269.44 at 1 pm, after volume of 3.01m shares (3.08m).

Closing prices for North America were not available for this edition.

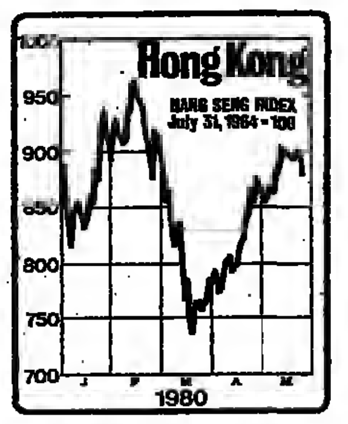
Canada

Following the recent buoyancy on falling North American interest rates, Canadian shares tended to gain more ground yesterday morning in busy trading. The Toronto Composite Index put on 5.6 to 1,998.8 at noon, while Golds rose 87.3 to 3,064.3. In Montreal, Utilities improved 1.98 to 256.82, but Banks weakened 4.23 to 358.95.

Among Golds, Dome Mines rose 2½ to C$75¾ and Campbell Red Lake C$1 to C$39½.

Hong Kong

Lacking the recent good demand, most shares retreated sharply on local selling and continued profit-taking, taking the Hang Seng index down 21.84 to 876.54.



The market setback took place despite the Exchange Bank Association's decision over the weekend to cut the local Prime interest rate by 1.5 percentage points to 14.5 per cent, and dealers commented that there was concern that the local economy might be moving slowly into a recession.

Among the leaders, Jardine Matheson lost 60 cents to HK$14.40, Cheung Kong 40 cents to HK$13.10, Hong Kong Land 50 cents to HK$10.80 and Hong Kong Bank 30 cents to HK$14.00. Hutchison Whampoa fell 35 cents to HK$7.80 and Wheelock Marsden 20 cents to HK$4.20.

Elsewhere, China Light shed 50 cents to HK$19.30, East Asia Navigation 10 cents to HK$5.30 and Green Island Cement HK$2 to HK$46.00 offered.

Australia

After an early reaction on profit-taking, markets resumed Monday's strong uptrend, with Oils and some Mining issues providing good gains on the day. The Sydney All Ordinaries index, up about 14 points the previous day, finished 7.35 higher at 851.66. The Metal and Minerals index climbed 113.65 to 5,351.14.

Strata Oil, which late on Monday announced a flow of dry gas from a test, advanced 11 cents to 34 cents. Santos rose A$1.40 to A$12.40, Woodside Petroleum 15 cents to A$2.98, Vamgas 34 cents to A$5.94 and Hartogen Energy 15 cents to A$4.15.

Among the Minings sector, Western Mining gained 14 cents to A$4.64, MIM 18 cents to A$4.58, North Broken Hill 15 cents to A$3.55 and Coal and Allied 30 cents to A$11.40.

Germany

Shares were mixed in light trading following the holiday-lengthened weekend.

However, Banks improved over a wide front, aided by a stronger Domestic Bond market. Deutsche Bank added DM1.60, Dresdner Bank DM2 and Bayerische Vereinsbank DM3.

Bayer rose DM1.50 in Chemicals and BMW DM1.30 in Motors. Engineerings, however, had KHD down DM5 at DM211.

The West German Bond markets continued their rally as U.S. interest rates trended further downward along with the dollar on the Foreign Exchange markets. The situation was compounded by a lack of supply on the Bond market, and Deutsche Bundesbank used the occasion to inject paper valued at DM42.8m into the market, nearly as much as the DM52.6m sold last Friday.

Tokyo

Stock prices were mixed with a bias to lower levels after moderate activity, turnover amounting to 250m shares against Monday's 230m.

The Nikkei-Dow Jones Average eased 5.42 to 6,828.50, while declines on the First Market section outscored rises by 329 to 262.

Among export-orientated issues Canon, Y650, and Fuji Film, Y592, featured firmly with advances of Y18 and Y12 respectively, while Matsushita Electric moved ahead Y8 to Y680, but TDK Electronic shed Y20 to Y2,000 and Yamaha Motor also Y20 to Y860.

Teikoku Oil receded Y30 to Y1,360, while elsewhere in the energy-related sector, Toa Nenryo declined Y29 to Y861 and Furukawa Mining Y12 to Y260, but Showa Oil gained Y5 to Y417. Marubeni added Y7 at Y385 in generally little changed Trading Houses.

Johannesburg

The market was firm in most sectors on local and overseas demand.

Among Gold shares, Harmony put on 50 cents to R21.00 and Stilfontein 15 cents to R20.80. Kloof rose R1 to R32 after news that an underground fire had burnt out.

Financials were steady to firmer. Gold Fields advanced R2.00 to R83.50, while De Beers moved up 15 cents to R9.95.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

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1-Session

FINANCIAL TIMES SURVEY

Wednesday May 28 1980

Calculators

After a surge of development in the calculator market in the 1970s, sales have now levelled off and prices of calculators—especially the more sophisticated ranges—are still falling. In the next decade, this highly-competitive industry can look forward to a steady replacement market, with little of the turmoil of former years.

Market reaches age of maturity

By Elaine Williams

THE PASSING of the 1970s bas left a trail of destruction as far as the calculator industry is concerned. It was a time when many companies entered the rapidly growing market in the bope that there was a quick fortune to be made. Today, many manufacturers are sader, but wiser, and have survived to relate how they were nearly destroyed by the fierce competition. Some, like their calculators, are no more.

Now the market for calculators, especially the pocket models, is fairly static with growth in a few selected areas —such as office equipment and professional scientific sectors — which are not subject to the vagaries of the consumer.

But in the early 1970s, it was the potential of the domestic market that attracted a large number of companies in a variety of industries to compete. What made competition possible was the development of the integrated circuit — more popularly known as the silicon chip — during the 1960s. This enabled the assembly of a calculator to be simplified. With many individnally transitors crammed into a single piece of silicon a few millimetres square, the cost of assembly and the size of the actual calculator was reduced.

This type of calculator replaced the clunking mechanical adding machines and the early forms of electronic calculators made out of discrete transitors which bad to be assembled expensively by hand.

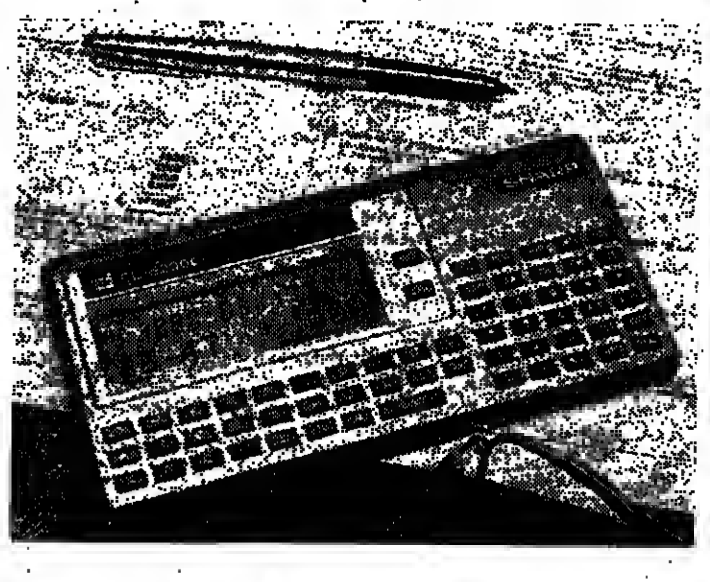
Commodore, a company of Canadian origins but now based in the U.S., was the first to sell a calculator with an integrated circuit and this company still is one of the prominent companies in the market which is now dominated by Japanese organisations.

At the time, semiconductor companies which make the silicon chips such as Texas Instruments, National Semiconductor and AMI decided that instead of just supplying the chips they would also like to sell the end product.

They were attracted because it was obvious that calculator manufacturers were earning more money than the silicon chip makers whose circuits were the hearts of the calcuators. While it was the chip which made the whole system possible, the process of assembling it into a complete circuit with a keyboard, battery and display was quite expensive.

Selling prices were high. In 1971, for example, models cost about £150 each and the world market for electronic calculators was estimated to be small, at around 2.5m units. Japan dominated the industry with about 80 per cent of the total manufactured in that country.

By 1972, calculators in Britain cost a mere £50 or so. The UK market for calculators was slow to take off because Britain did not adopt decimal currency until 1971 and few people tbought it worthwhile to buy calculators which could not handle the idiosyncratic currency then in use.



Versatile calculators for businessmen: (left) the Sharp 10-digit calculator (EL-6200E) with a four-key memory, a clock, perpetual calendar and a memo pad, plus an alarm. Right: Toshiba's new credit card-sized calculator with four-key memory, watch, calendar, alarm and stop-watch functions (model LC-854WA).

Machines were fairly basic with the four arithmetic functions of addition, subtraction, multiplication and division. However, these were useful for most people's purposes and were much faster than the old mechanical machines.

Mark of status

Developments in calculator design by such companies as Hewlett-Packard quickly produced new models capable of working out square roots, logarithms and trigonometric functions. Others followed with similar designs. New designs appeared with memories capable of storing numbers between calculations. The physical size of models was reduced, along with the price.

For a sbort time, the calcucases were a mark of status. But this was short-lived. Prices fell rapidly and, within a few years, calculators were a common item in handbags and briefcases. In 1973, for example, world production stood at about 25m, with Japanese makers accounting for about 40 per cent of the total.

Three years earlier, Japan made 1.5m units valned together at about $480m, but in 1973 its production of 10m was less — only $400m. This was the main reason behind the failure of many calculator companies. Tbey were faced with the cost of production reducing at volume of production increased. Assembly costs were reduced as silicon chips became more complex. A large number of companies were entering the business, but the monetary value of the market, whicb governed profit expectations, stayed constant.

The only way to survive was to gain an ever-larger sbare of the available market. A fierce fight ensued in whicb only the strongest companies, with the largest output and lowest prices, could win. Several of the U.S. semiconductor companies withdrew from the market because they recognised that the consumer market for calculators was so different from their normal environment that they returned to the business of making components and selling them to end users. Others went out of business or were taken over.

A few companies, notahly Texas Instruments and Hewlett Packard, were successful because both specialised to some degree. Texas Instruments, which is among the leaders today, has, for example, concentrated in recent years in developing calculators which are more complex than the simple four-function types. They are made in smaller quantities and sold at higber prices to selected markets. Hewlett-Packard adopted this strategy to an even bigber degree and makes calculators which are sometimes indistinguishable from small computers.

In 1975, demand for calculators reached its peak with about 50m units produced worldwide — a figure around which production has hovered ever since.

Companies have still had to continue to develop their products—because it is the best way of stimulating sales. The price for a basic four-function battery calculator reached the lowest price of about £5, but the extra amount needed to buy a better machine is small.

The main battle for companies is to keep a competitive edge to maintain or improve market share. The companies whicb survive are usually large concerns with interests in other areas. Examples of such companies include Olympia International, which makes office equipment; Casio; Canon; Sharp; Toshiba; in Japan, Facit Addo; Triumph-Adler (OEM group); and Esselte Dymo, which sells the Citizen brand.

Much of the developments which include new types of display, prolonging battery life, speaking calculators and extra mathematical functions. They hope to create unique products which can find that niche in a special sector the market.

Encouraged

The burgeoning office equipment market is also one of the few encouraging sectors for the calculator maker. The trend in this sector is that word processors are often required to carry out calculator functions and, with the availability of low cost computers, businessmen are now able to easily use equipment which is fairly sophisticated.

Office users are tending now to be more selective in their cboice of office machines. Instead of buying a models equipped with every conceivable "bell and whistle," customers are care fully considering their specific needs and therefore look for a calculator to meet that requirement. Olympia and Esselle Dymo are just two of the companies which now produce an extremely wide range of office calculators to cater for this comprehensive and complex market.

The pattern of distribution has also begun to swing back in favour of the professional dealer, following the collapse of the volume calculator market in 1978. Dealers now concentrate on the more expensive desk-top models. The lower price pocket and hand-held models are still distributed through the major high street multiples.

Despite the turmoil of the 1970s, the prices of calculators, especially the more sophisticated ranges, are still falling, though at a much slower rate than before. It appears that the calculator has almost reached the stage where it is considered "a disposable item."

The 1980s are not likely to prove the most dynamic for the calculator industry now that sales have levelled off. The calculator industry has reached th eage of maturity and, during the 1980s, can look forward to a steady replacement market with little of the turmoil of former years.

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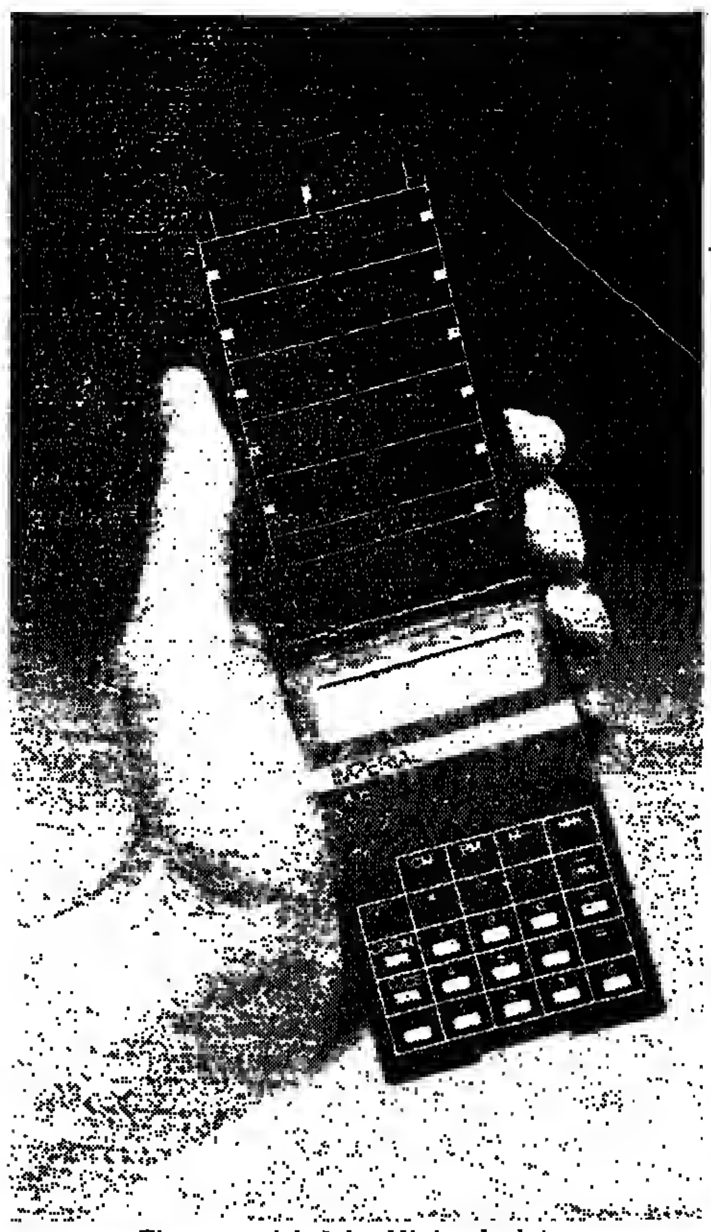
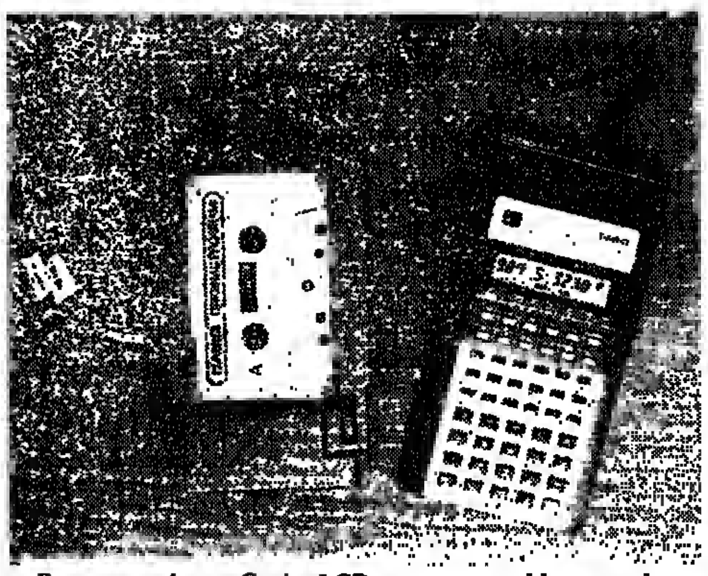
CALCULATORS II



The Imperial Solar-Mini calculator



Programs from Casio LCD programmables can be stored on an ordinary cassette tape recorder, via an FA-1 adaptor

Prices fall but quality generally improved

FROM THE consumers' poiot of view, tha calculator market during the 1970s was a prime example of how a developing technology can have significant effects on both the price and marketing of a product. At the beginning nf the decade, a simple four-function desk calculator would ocst £50 or more and was very much aimed at the more successful businessman, rather than the average consumer.

Yet, as calculator technology and production methods have developed over the decade, so the calculator can no longer he regarded solely as an item of office equipment. With the advent of the pocket-sized models and the sbarp fall in unit price, the calculator is now very much a mass market product. The simple four-function calculators can now be hought from many bigh street shops for £5 or even less—wbich brings it well within the range of being a pocket money top for children to replace their mental dexterity.

The sharp fall in prices in the middle of the decade is clearly shown by market research carried out into average prices paid by consumers between 1976 and 1977. In 1976, only a quarter of the sample surveyed had paid less than £10 for their calculator—yet a year later the proportion of those paying under £10 had doubled to 51 per cent of the sample.

Profit margins

Not surprisingly, the sbarp fall in price led to a rapid increase in calculator ownership in the late 70s, with some trade estimates suggesting that ownership doubled from around 17 per cent in 1977 to nearly a third, by the end of the decada.

Yet, much of this growth was at the very cheap end of the market where manufacturers and retailers' profit margins were reduced to the barest minimum and high volume sales were needed just to break even. The inevitable result of such low-margin business was ratiooalisation, and mergers within the industry.

Over the latter part of the decade, however, there were four significant developments in the marketing appeal of calculators to coosumars. In the first place, most calculators became much thinoer than they were previously and many were smaller in overall size, as well. Calculators about the size of a credit card—minicard calculators—bave become a reality.

Secondly, the power consumption of calculators fell coosiderably as a result of the development of liquid crystal displays to replace light emitting diodes to show up the figures on the display panel. This has allowed the use of button-type batteries which can fit into a calculator only a few millimetres thick and which have a power consumption so low that batterias need only be replaced once a year or so.

Thus, although calculators with LED displays (usually red figures, which can be seen in the dark) may be available in the shops at prices cheaper than for LCD display models, they are unlikely to be a bargain since the batteries work out more expensive to run in the long-term.

The third major development was the introduction of calculators with built-in clocks, timers, and alarms. The clock function enables very accurate timekeeping based on a quartz movement as well as a calender showing both date and day. These calculators also have a topwatch ability for timing in tenths of a second up to 10 hours, as well as the ability to use as a stopwatch for lap timing.

More sophisticated versions of these calculators also give time displays for different geographical zones and calenders pre-programmed to show days of the week from the year 1901 to 2099.

The basic alarms could be set for any time, while the more sophisticated versions enable alarms to be set at two different times. However, as the Consumers' Association pointed out io a receot editioo of its "Which?" magazine, "alarms are not much use if you do not hear them." It advises consumers to insist on bearing an alarm before huying a calculator, since the loudness varies between models and samples.

"Unless you are a very ligbt sleeper, don't rely on any of them to wake you in the morning," it adds.

The fourth major developmeot for the consumer market was the addition of a memory facility, with some calculators able to store numbers and even letters wben the calculator is switcbed off.

Names and numbers

In addition, some calculators can store both names and telephone numbers as well as often used numbers. The advantage, for example, of such electronic note-books over paper and pencil is that previously-stored numbers can be brought directly into calculations. However, "Which?" magazine points out that such systems "are rather complicated to operate and require some practice to get the best use out of them."

These four main developments in the late 1970s has made the consumer market quite complex and, in some cases, this has worked against increasing sales. Consumers, faced with a seemingly overwhelming array of calculator functions, are more likely to stay with the simpler models, which are easy to understand, than buy a more expensive and complex calculator. For the manufacturer this poses problems, since the more complex calculators are those which caro higher profit margins.

The most obvious consumer advice is to shop around, since the prices of calculators can still vary substantially from shop to shop. But the Consumers' Associatioo alo suggests that prospective purchasers spend some time in surveying the market before buying.

"Try out a calculator hefore buying to see if you like the feel of the keys and tbe layout of the keyboard," advises "Which?"

Your choice will be different if you cant to carry a calculator with you all the time, or use it mainly at a desk," says the magazine.

"Whicb?" advises consumers to "take the calculator out of ila case and check that it doesn't rock when laid flat on a hard, smooth surface."

The magazine adds: "Look at the facilities and, particularly, the special features. There is little point in having features that you will not use — and they may make the calculator more complicated to operate."

The report points out that while a permanent memory may be useful, a built-in watch may not be worth the extra cost if the consumer already has a good watch.

It also suggests that "if you want an alarm, get one that is adequately loud" and points out that the larger calculators with time features "are no more expensive and are easier to use than the minicards."

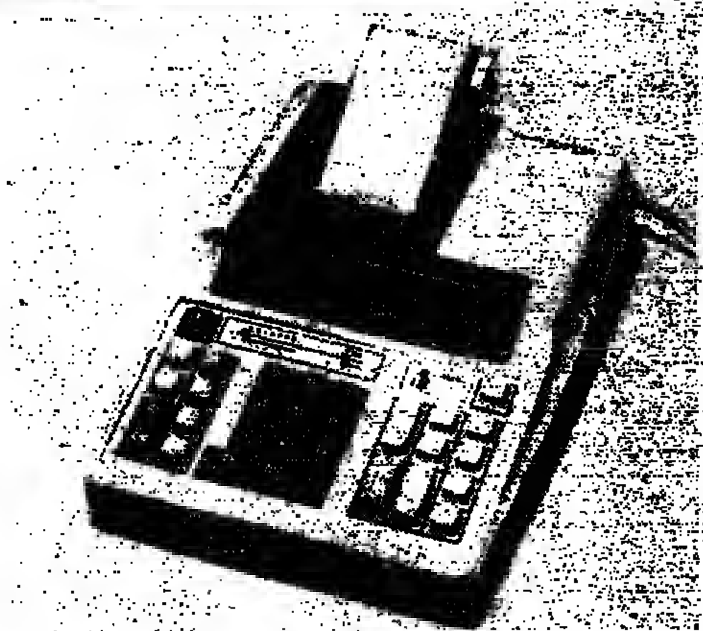
Finally, it suggests that consumers "think at least twice before buying a memo-note calculator since a diary or address book is much easier to use, and cheaper."

With prices already at an all-time low, it is unlikely that there will be any further major reductions in the price of calculators. Manufacturers' operating margins have already been reduced to a minimum and there is little scope for further price cuts.

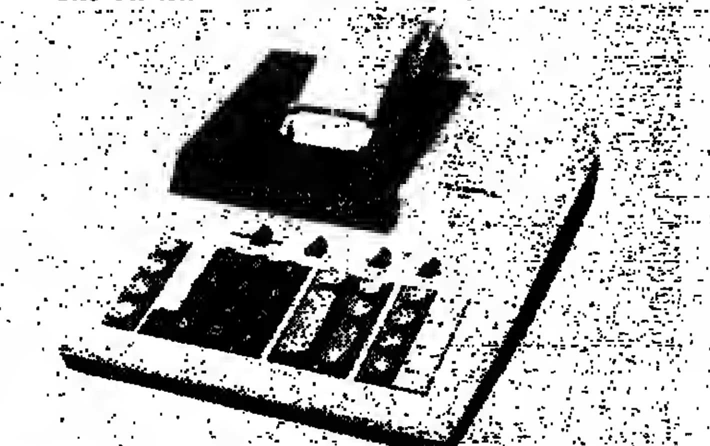
However, the low margins and prices has not meant any fall in quality. In fact, standards tend to have risen since few manufacturers could afford to handle a high percentage of reject machines and still continue to operate profitably. The typical return rate for a large manufacturer is only about three calculators for every 1,000 sold.

Research in the U.S. bas sbown that the consumer expectancy of a calculator's life is between four and five years, thus limiting the effect of the replacement cycle in future calculator sales. But with more developments in calculator styles and functions, the life cycle for calculators may be considerably shortened.

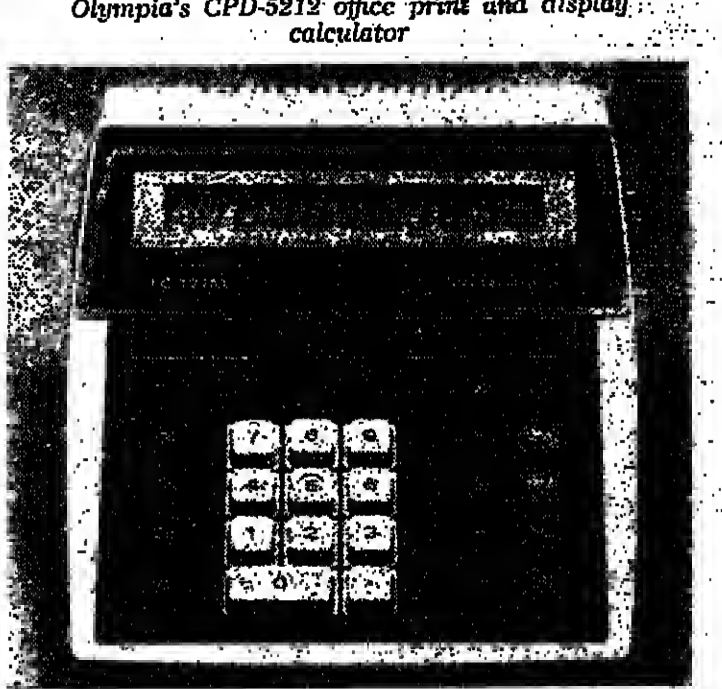
David Churchill



The Citizen 107-DP electronic display printer



Olympia's CPD-5212 office print and display calculator



This new and compact desk-top calculator from Silver-Reed (SR-LC121M) has a large liquid crystal display

Fierce competition in the 'professional' market

THE MARKET for "professional" calculators for the technologist and businessman is stagnant—stifled by the advent of the cheap and powerful microcomputer.

But hand-held machines offer enough advantages, and their makers bave built in enough advantages, and — — —x novelties, to ensure their existence for some time yet.

Tbose advantages include size and portability for those who have to make calculations in the field, and convenience—not everybody can or wants to learn even the simplest programming language, and for them there is no substitute for the answer at the press of a button.

While a host of manufacturers offer calculators to the technologist, with such functions as standard deviations and logarithms (and, for the businessman, simple interest and sales margins), the more powerful end of the market is shared by only three companies: the U.S. companies Hewlett-Packard and Texas Instruments and their Japanese rival, Casio. Prices vary between £25 and £600 with most of this class of machine fitting between £50 and £150.

According to Mr. Irfan Salim of Texas, the valne of the market for prefessional calculators in the UK is about £50m.

They are bought by statisticians, scientists, engineers, surveyors, accountaots and business planners. Those professionals who have to do *sums* as opposed to the kind of data shuffling more easily handled by a computer.

The least facility that any true professional calculator should offer, according to Mr. Peter New of Taylor-Wilson Systems, is an eight digit display (or mantissa), together with a two-digit exponential (an extra display at one aide essential for working with powers of numbers). It should bave all the arithmetical functions, constants, at least one memory and the ability to perform a number of preset functions. A scientific machine should handle logarithms, 1/x, e to the power of x, sines, cosines, rectangular/polar shifts and other esoteric manipulations. As Mr. John Ashley, of Texas, saya of the TI/51/3 (available at £34.95): "It has hyperbolic trigonometrical functiona because that is what scientists want." A business or financial calculator should offer compound interest and amortisation achedules in addition to basic statistical routines.

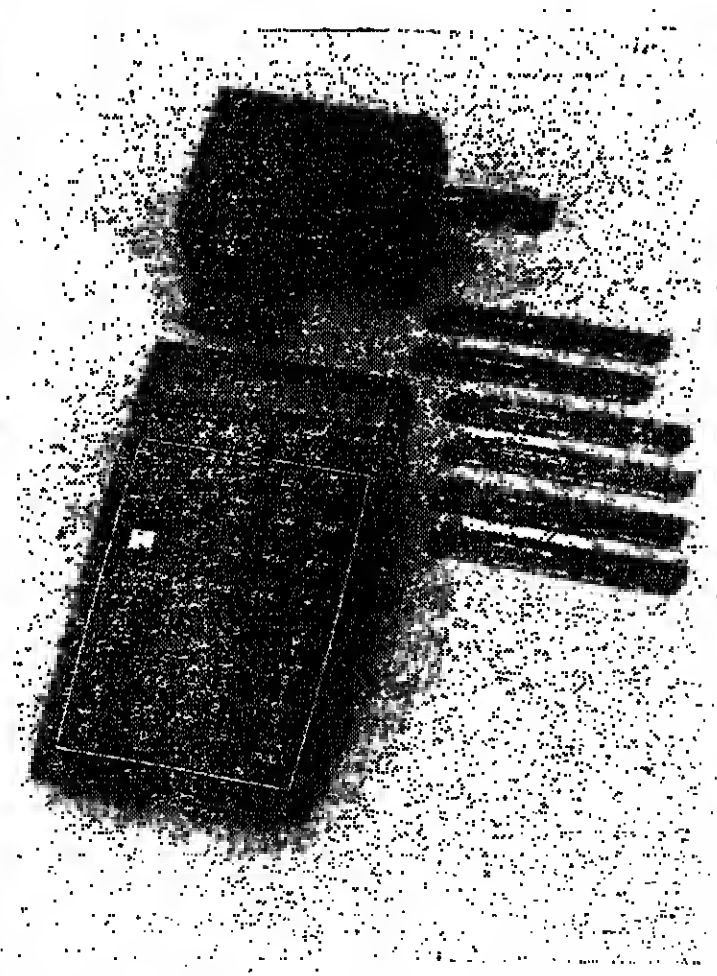
The T1/51/3 is an unconventional macbine—it offers 32-step programming through the keyboard, unlike the conventional Hewlett Packard HP-31E (price £29.95) or the Casio FX-8100 (£27.95), all of which offer all the functions needed by the student or professional for straightforward calculations. The Casio offers the boous of time-keeping with built-in stop watch, two independent count down timers and date (programmed to the end of the century).

One cboice is critical before buying any calculator, programmable or not: whether to calculate in Advanced Algebraic Logi s (AAL) as featured on Texas and Casio machines, or in Computer Logic (CL)—which is still known elsewhere as Reverse Polish Notation—as offered by Hewlett-Packard. Both make it easier to handle eqnations.

AAL means a sum entered as 2×3+2×3= will give the answer 12. Less sophisticated machines will answer 24. CL involves an ENTER key and no equals sign. This is confusing to the noviciate, but scientists reekon it has the edge in complex calculations.

If you choose a programmable calculator you have the choice of writing programs to solve your specific problems or ilsing solutions prewritten by the manufacturer.

The Texas TI/57 for students offers 50 program ateps for £29.95. While the top-of-the-range TI/59 offers 960 steps for £229.95. The 59 and its cheaper cousins the 58 and 58C will take program uiodules for particular applications such as navigation, engineering or statistics, turning a basic scientific machine into a general purpose calculator. Adding a printer for £191.50 makes possible a hard copy of the transaction.



The dinosaur of the calculator world: Hewlett Packard's HP-41c, with card reader and magnetic program cards, is generally reckoned to be the most advanced pocket calculator yet developed, virtually equal to the power of a small computer

The Casio 128 step FX-501P and 256 step FX-502P at £64.95 and £84.95 respectively, have the novel feature of allowing the user to record both data and programs on an ordinary tape cassette. Tha adaptor costs £24.95.

Hewlett-Packard, with a large range of specialised programmables has long heen market leader, but its HP-41C is quite special.

It is generally reckoned to be the most advanced pocket calculator yet develnped, virtually equall to the power of a small computer.

Many facilities

For a total price around £600, the system inclndes the calculator itself (£199.50) extra memory modules tn increase the storage capacity by four, a plug-in magnetic card reader (£135.00) to record or load specific programs, a miniature plotter and printer (£239.00) and with remarkable foresight —an optical bar code reader. Programs can be published in the form of a simple bar code and entered into the machine by simply passing the optical reader over tha printed page. The machine operates alphabetically as well as numerically and will quickly flash messages sucb as "Data Error" on its display in response to clumsy bandling.

There is a price for all this cleverness, of course, with some 37 keys, each with three or more functions (yon can even program the keyboard to your own specification), it is in no way "user frieodly." I hated it; my colleague, a brilliaot computer programmer who carries his Notional Insurance number in his head, thought it marvellous.

The HP-41C may be the dinosaur of the calculator world. Beautifully designed, set for a long life, yet ultimately doomed to he killed off by sharp little user-friendly computers.

Control Data Corporation, which makes the biggest commercial computers, is working on a cheap "applications" computer to solve engioeering problems. It is due tobe launched within two years.

Dr. Alan Cane

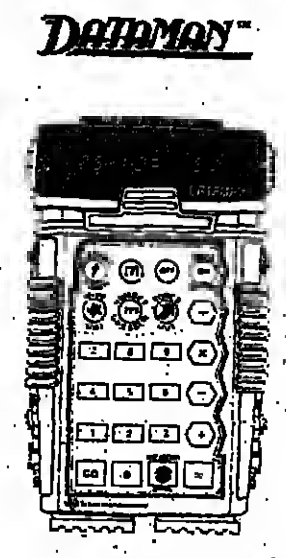
The writer is editor of Computing newspaper.

Evidence of advantages as teaching aids

"BASIC NUMERACY is the ability to use a calculator sensibly." So claimed an Inspector of Schools—and if one accepts the statement with the intended emphasis on the last word, then many mathematics teachers would agree.

The great fear when introducing any calculating aid into the classroom has always been the erosion of the necessary basic arithmetic skills. However, experience has shown that this is rarely the case when care is taken to put the use of such aids into perspective.

Most teachers would discourage the use of a calculator to compute 8 x 0.5 and would hope few would use one to calculate 99 x 35. But far too often, teachers have found that difficulties with basic computation have acted as a bar to developing higher mathematical skills.



This electronic learning aid for seven-year-olds and upwards has pre-programmed learning activities and mathematic strategy games

Children have not been able to see the mathematical wood for the arithmetic trees. For instance, the ideas behind the famous Pythagoras' Theorem are fairly easy, but the computation involves both squaring and square rooting sometimes complex numbers, a chore that has now been removed by the introduction of cheap, simple calculators, some costing little more than two weeks' school dinners.

But calculators have meant far more than just an easy aid to computation. They have given the teacher the opportunity to emphasise higher mathematical skills; the estimation of answers to check their accuracy, guarding against the possibility of wrongly entered numbers; the rounding o of 8 digit numbers to a relevant figure for a given problem (£13.747952 means little on an account sheet but £13.75 does); the use of scientific notation, so useful when working with very large or very small numbers; learning the dangers of giving an answer to more places than can bereliably accurate.

Perhaps more important, calculators have allowed the teacher to concentrate on the application of correct methods and strategies to solve a problem without getting bogged down in tedious number work. There is absolutely no point in training a child to add, subtract, multiply and divide when the child is unaware of which operation is most appropriate to solve agiven problem.

Comparatively little published research has been completed on the effect of the calculator in the classroom. Perhaps most notable is the Schools Council's Durham Pilot Scheme. In this experiment, calculators were supplied to six secondary schools for a three-year period and records were kept of their use, together with the reactions of the 11-16 year old pupils and their teachers.

The results showed that teachers came to accept the calculators as powerful tools in the teaching of many aspects of mathematics. The children enjoyed using them and there was some evidence of their value in developin gboth skills and motivation.

Further evidence from Indianapolis schools in America indicates that far from adversely affectin gthe development of basic skills, the use of calculators encourages a better performance in tests demanding these skills and especially a significant improvement in problem solving. The 9 to 12 year-olds involved in the research were not allowed to use calculators in the tests.

Wherever evidence has been collected from the classroom, teachers have reported a marked improvement in children's attitudes towards mathematics. Some have even been overwhelmed by their enthusiasm. In a joint Leicestershire LEA, Nottingham University project, teachers were quoted as saying: "It is likely to encourage more mental arithmetic — something which seems to be sadly lacking these days." Another teach reports that with many children "it creates a more confident and positive attitude towards mathematics." Anything that has this effect must surely be encouraged.

In the secondary school, innovations have often been tempered by the demands of the examination system and the introduction of calculators has been no different.

Fears have been expressed that unless all children have access to the same model of calculator, some candidates may have an advantage over others. There has also been a desire to retain the testing of basic skills without resorting to a calculating aid.

This learning aid from Texas Instruments for five-year-olds and upwards is made with 16,000 pre-programmed problems

Most GCE Boards seem to have resolved these difficulties with fair compromise by accepting the option of a calculator in only one paper of the usual two in mathematics examinations. Basic skills are then tested in the paper without a calculator option. There are variations with for instance, SMP modern mathematics papers offering one form of "O" level examination with a calculator option and an alternative form without. Their use is often allowed in science examinations

The CSE Boards, although actively considering the question, have been rather more reticent to allow their use.

As far as which of the many models on the market are the most suitable for use in schools, here are a few personal guidelines:

Ensure that the model uses algebraic logic, as this matches the way mathematics is used in the classroom.

Guard against excessive battery use by selecting a liquid crystal display (LCD) which uses little power and prolongs battery use often in excess of 4,000 hours. A few models also include an automatic cut out system which switches the machine off if not used for several minutes.

Make sure that rounding off errors are avoided. Apply this test. Enter 1 ÷ 3 × 3 = . If the anwsre is 0.9999999, then the chip being used does not allow for rounding off and could introduce errors in some calculations. If the correct answer of 1 is given, then try the second test. Enter 7, press the square root key three times, then press the square key three times. If the answer is 7 you have found a machine unlikely to cause further numerical problems.

All basic machines for use in the secondary school should include the following: add, subtract, divide, multiply, square root and a memory. Other desirable features include square, reciprocal, memory add and subtract (M +, M −).

For pupils working towards "O" and "A" level examination, the following will prove useful: radians, degrees, trigonometric functions (sin, cos, tan) and their inverse (arc); powers roots; scientific notation; natural and base 10 logarithms; brackets; factorials (x!); pi, notation; natural and base 10 logarithms (ln, e, log 10); brackets; factorials (x!). Those following statistics courses will find the following useful: mean, standard deviation, linear regression and distributions.

There are machines, such as "The Little Professor" which present the user with a range of arithmetic questions, acting almost in the role of personal tutor. Although experience has demonstrated that children enjoy using them and they can be a stimulus to learning, their range of programmes is an inbuilt limitation. Most teachers could provide similar programmes for use with an ordinary calculator without limiting its use for other problems.

Attitudes throughout the field of education are gradually adapting to the ever-changing situation, but one primary school teacher involved in the Leicestershire project seems to have caught the present mood with the comment that "one of the biggest changes, as far as I can see, is that there might be too much resistance — from parents, teachers, politicians and so on—to letting us use calculators freely in schools.

"One thing is certain, the calculator has arrived and children of all ages are getting their own. The chances are they will be more likely to misuse them unless they receive help from teachers. Let's hope children will see calculators as part of the school environment rather than something outside it, to be avoided."

FOR FURTHER INFORMATION

1—Recommended specifications for school calculators: "A Guide to the Selection of Electronic Calculators." USPEC 25, Council for Educational Technology for the United Kingdom, 3 Devonshire Street, London, W1N 2BA.

2—A review of some of the new classroom texts and developments: "Calculators: News, Views, Reviews," Mathematics Teaching No. 88, September, 1979. The Association of Teachers of Mathematics, Market Street Chambers, Nelson, Lancashire, BB9 7LN.

3—Selft tutoring for beginners: "Discover how to use your electronic calculator." SMP Calculator Series. Cambridge University Press, 55p.

Christopher Redman

The writer is Senior Teacher-Adviser in Secondary Mathematics to Kent Education Authority.

Scientific eight-digit calculators from Japan: (left) two models from Casio, the FX-81 and the FX-100. On the right is the Sharp EL-211. Each model has an automatic "power-off" function to save battery life

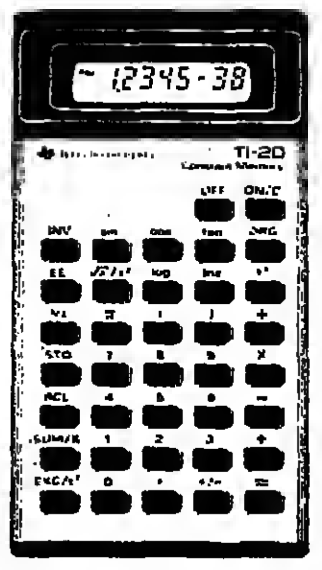
Calculators in the classroom

AN EXTENSIVE inquiry into the use of calculators by students and the role of electronics generally in education is being conducted by Texas Instruments.

Questionnaires were distributed to the head teachers of mathematics at 8,400 secondary and middle schools and, while the full results are yet to be analysed, preliminary indications are that teachers have "a very positive attitude" towards the use of calculators by students, but show some caution in respect of the age at which children should be introduced to them.

According to Texas Instruments, guidelines as to the classroom use of calculators seem to be a contentious area, with some schools evolving their own and others complying with guidelines originating from the local education authority or even, in some cases, the calculator manufacturers.

"Examination boards appear to be a major determinant of the age at which calculators can be used in schools," says a company spokesman. "There were clearly communication problems here, however, for some schools claimed to be subject to restrictions which their relevant examination board had in fact removed some while ago.



The T1-20 slimline scientific student calculator meeting requirements for 'O' and 'A' level studies

Among new calculators being introduced by Texas Instruments is a scientific calculator for students with slide rule and statistical functions, constant memory feature and liquid crystal display (LCD).

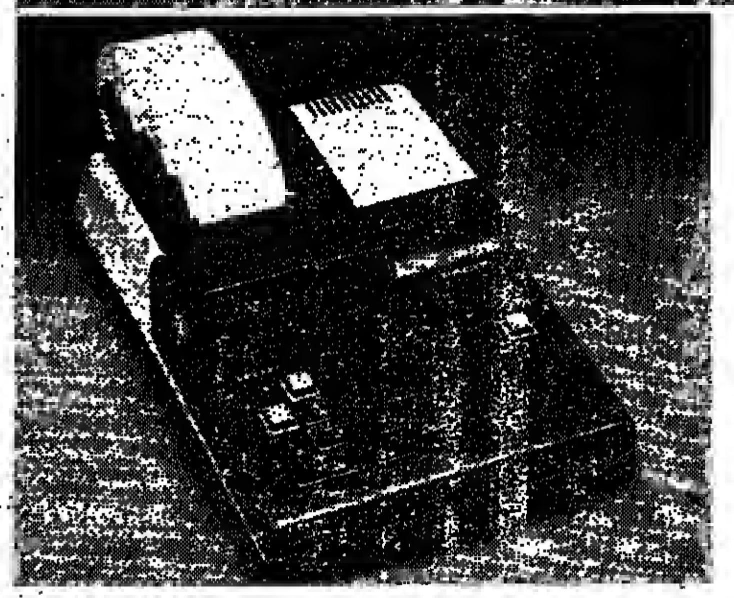
The Slimline TI-35 has 54 of the most commonly used scientific functions including roots, powers, reciprocals, common and natural logarithms, and trigonometric functions in degress, radians or grads.

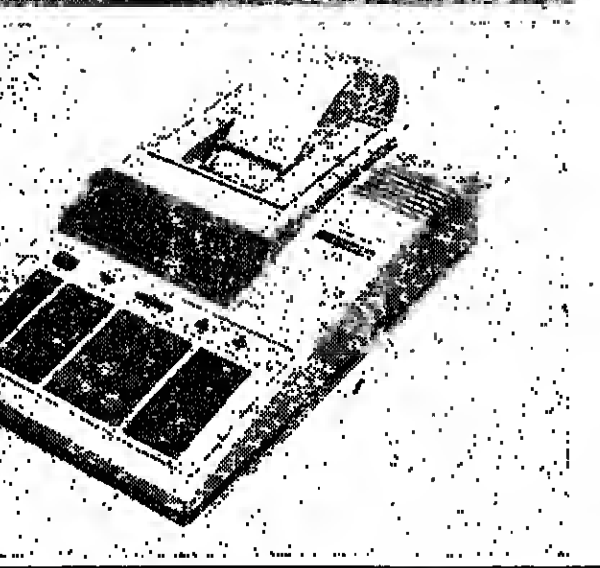
In addition, it contains special functions such as pi, factorial and constant which help speed calculations in complex problem-solving. It also includes pre-programmed statistical capabilities with mean and standard deviation for both sample and population data.

Another educational item, the "Speak and Spell," which aims to give children more fun while learning to spell, is being given a bigger vocabulary.

The existing machine already has a 240-word vocabulary. Texas Instruments are now introducing a plug-in word module which adds a further 140 words.

"Speak and Spell" talks to children, asks them to spell, gives them two attempts, praises correct answers and gives them a score after 10 words. The new plug-in word memory, called "Vowel Power" works in exactly the same way but concentrates on words with difficult vowel sounds.





More than £5,000 a year is being soved by elimination of errors in tabulating orders by using a Monroe 2880 microprocessor-based programmable calculator (above) at a Manchester food and meat-product company. The Monroe 2880 is said to have resulted in "enormous time-asvings" in tabulating nightly orders for thousands of products

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Centre: The Facit 2252 10-digit, print-and-display calculator which sells for £102. It is one of a range of seven desk-top models which vary in capacity from 10-digit, print-only machines to 14-digit, print-and-display with two independently addressable memories. Facit is one of the longest-established calculator and adding machine manufocturers ond is now part of the Swedish Electrolux group

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Below: One of Toshiba's growing range of desk-top calculators — the BC-1275-PV — with high-speed printer

New enticements to overcome a static market

WITH A static market for calculators, manufacturers have to try and entice consumers to buy. Each year they are offering new types of calculators which are little more expensive than those offered the year before but which incorporate features such as a clock or alarm—which customers may think they need.

One of the basic developments which have taken place over the past few years has been the extension of battery life. This has been partly achieved by the new types of battery used, but mainly due to the type of display now built into the calculator.

Nearly all pocket-type calculators now incorporate the liquid crystal display—usually called LCDs—but, not so long ago, msot manufacturers had opted for the light-emitting diode, usually abbreviated to LED. This is a small semiconductor device, made of chemicals such as gallium arsenide or gallium phosphide which bave the unusual property of glowing when connected to a voltage. LEDs, which are made of a combination of the two chemicals, will glow a deep red. Other colours, such as yellow and green, can he made by using different materials.

The LED was first made experimentally in Britain in 1960 but was developed commercially by U.S. electronics companies. Because LEDs can be made very small, they hecame popular for pocket calculators. Current consumption of LEDs was reasonably low, although they tend not to glow very brightly, in direct sunlight, the display is "washed out" completely.

In the late 1970s, LCDs hecame a popular alternative to the LED. Liquid crystals are a range of complex organic materials wbose molecules re-arrange themselves when a voltage is applied.

According to the orientation of the molecules, light either passes through them without change and the material is transparent—or it is absorbed or reflected and the material appears dark. The liquid is sandwiched between two pieces of glass, into which cells are etched. Each cell, containing the liquid crystal, is connected to electronic control circuitry ao that the chemical can be made opaque or transparent, at will.

Cells can be etched to form the shape for a calculator display or any other shape, simple or complex. An advantage of LCDs is that they are operated at very low voltages, typically around 2V—which is ideal for small battery powered equipment. Also they consume almost no energy at all, so bettery life can be several thousand bours compared with hundreds if LEDs are used.

Mains-powered calculators, which find applications mainly in the office, may use more "energy hungry" forms of display, although such machines are also moving towards the use of liquid crystals.

Solar power

For hand-held machines, prolonging battery life is important, especially as some types of battery, such as those using silver oxide, are becoming expensive which is a deterrent to buying a calculator. So, manufacturers are now introducing solar powered calculators.

Since LCDs consume little energy (as does the electronics circuits to carry out the calculations) solar power may provide an excellent alternative to conventional batteries. Most are being designed to provide power at relatively low light-levels, which means that even in the unpredictahle British climate sucb calculators can be used and under normal office light conditions.

Initially, solar-powered four-function calculators will cost around £20, although some manufacturers says that, by Christmas, the cost will be reduced to around £12.

In addition to solar-powered calculators to prolong the life of a machine, companies have also ben working on the use of lithium batteries. Instead of a 1,000 hours of use with a silver oxide battery using LCD display, the lithium hattery can last up to 8,000 honrs—which means abont 10 years of use, without a battery change.

Olympia last month introduced three pocket calculators which used lithium batteries—the LCD 80, 380 and 480—the latter of which is a small-format calculator. Olympia's models have no means of changing the batteries, since the company believe that the user will have tired of the calculator long before the battery runs out.

The calculator market is divided into various categories: first, there are the cheaper and simple pocket-sized items for the domestic market. Then, there are tha programmable calculators for scientific and professional applications. And thirdly, there are the printer- and desk-top models for the office.

In the domestic market, manufacturers have tended to try and make calculators wafer-thin, so that they easily fit into a jacket pocket or even a wallet, without prodncing any discernable bulge in a suit—so appealing to the vanity of mankind.

But in order to broaden the market for general purpose calculators, tbe addition of clocks and alarms has been common. Furthermore, models which are not strictly calculators but which fit into the category—such as language translators and educational machines—have also generated new markets.

Language module

Examples of such machines include hand-held (if not exactly pocket-sized) units which can translate simpla phrases and words into various languages depending on tha special plugged-in "language module."

These machines cost more than £100 and are aimed at the businessman wbo needs to travel widely abroad, but wbo has never been able to master a foreign language.

As the development of microelectronics continues, it will be possible to store more comprehensive lists of useful phrases. The early models were only able to translate a very limited list of about 100 words and few pbrases. But in the relatively short time they have ben around, improvements have been made, althougb it will still be several years before we can abandon the need to learn languages altogether and rely totally on such machines — indeed, if that is ever likely to be a desirable thing to do.

In the educational field we bave seen the development of talking calculators which belp children to spell and some models counting and simple arithmetic. Again the range of calculators in the educational fiel dis continualy improving, allowing greater variety in the way in which children can learn.

Companies such as Hewlett Packard and Texas Instruments also concentrate on the professional, scientific areas, with programmable calculators which are often little discernable from small computers. This market—unlike tbc consumer one—is more atable and there is more opportunity for growth. Users can buy individual programs which can be plugged in to carry ont specific tasks—alternatively, they can write their own programs.

It is now becoming common for even small machines to have a printer mechanism ottached—and companies see this as important in the office environment, where evidence of a calculation is often required.

Manufacturers believo that thla sector still has some growth potential. It is possible for offices to have more than one of these reasonably cheap machines, instead of only onc, shared betwen several staff. At one time it was common, and in some cases still is, for an office to buy one large desk-sized machine and staff had to share out its nse, equally. Smaller and cheaper models bave allowed tha opportunity to buy more machines, at thc same price.

The days of rapid innovation in the calculator industry appear to be over. Instead it is likely that companies will concentrate on a gradual improvement in products, especially in the commercial market to cncourage customer loyalty.

Elaine Williams

Remorseless pressure for increased innovation

THE RAPID growth of the calculator market in Britain over the past decade has undonbtedly been belped by the ease with which calculators have switched from being an essential office tool to almost an "impulse buy" from the local supermarket.

When electronic calculators first came on to the market they were unambiguously aimed at the office user and sold through traditional office equipment dealers.

Brand names of even the largest manufacturers of calculators were not widely known and the major companies bad to spend heavily to make the business public aware of their products.

Bnt, as prices have fallen steadily during the decade—as a result of new technology and prodnction methods—so the possibilities of consumer marketing became more apparent. The office equipment market was made to look more of a sideline onca the mass appeal to consumers got underway.

Consumers in the early days of the hoom appeared not to he so discerning as office managers about quality or the manufacturers' reputation, but were more interested in buying the newest model at the lowest prices.

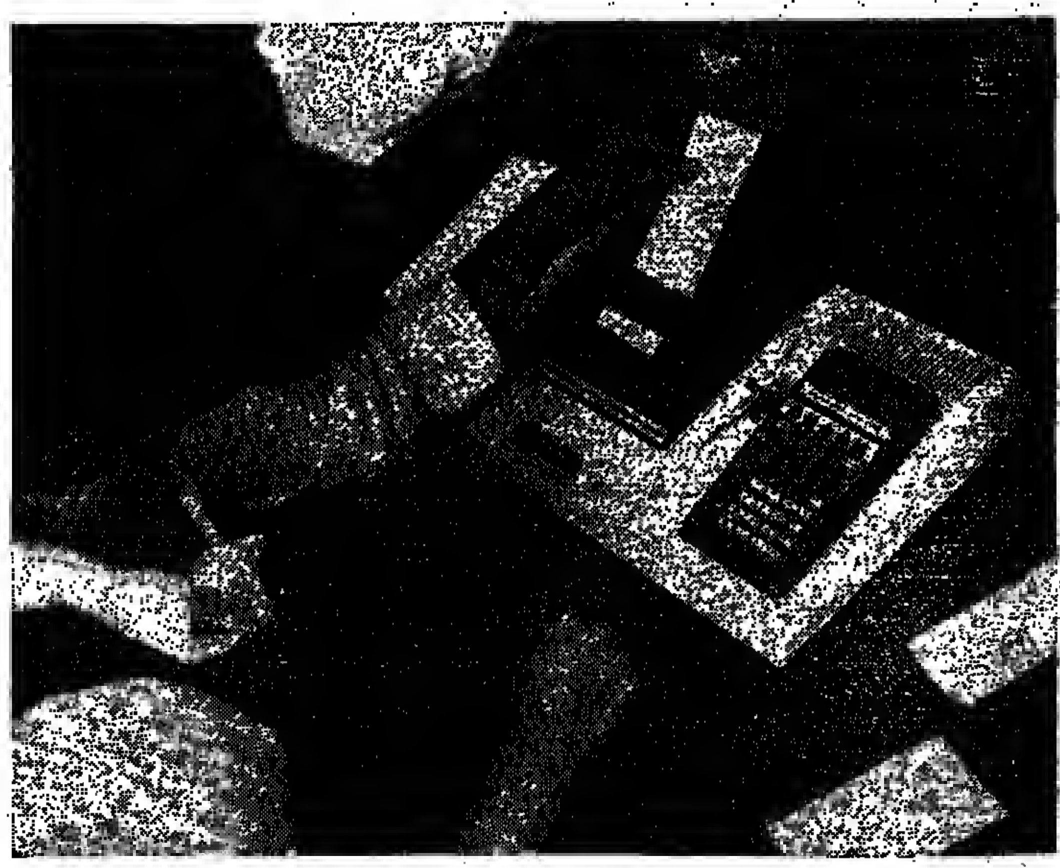
As prices fell, so the impact on distribntion patterns became even more significant. The retail emphasis switched to the fast-growing electrical chains, such as Dixons and Currys. The High Street multiple giants, such as W. H. Smith, F. W. Woolworth and Boots, quickly followed suit and hrought the price and availability of calculators well within the reach of the average consumer.

The importance of this move into the High Street was even more significant for the retail industry, since it opened up to the marketing men a wbole new category of buyers—women.

Women were not traditionally buyers or users of calculators, since these were seen very mnch as the prerogative of the male executive. Yet women are important buyers of watches, pens, cigarette lighters, and other products as gifts. About half the purchases of calculators bought by women are for somebody else, according to market research, while only a qnarter of purchases by men are intended as gifts.

Not surprisingly, the availability of cheap calculators in many High Street stores has attracted women buyers. Market researcb shows that while more men than women buy calculators, the growth rate for women—albeit from a smaller base—is the faster.

However, the popular theory that women are buying more calculators to enable them to grapple with the complexities of unit pricing in supermarkets is not considered within the retail trade as a significant factor. Even so, Tesco once took a consignment of 20,000 Commodore Business Machine calculators and sold out within a week.



An "Ecstasy" machine, incorporating a Texas Instruments TI-58 programmable calculator with o custom CROm program module, designed specially for use by betting shop settlers

One of the main problems for the retailer has heen keeping in touch with changing market fashions. A year is a long time in the calculator world and product-life does not extend to more than two years in some cases, although manufacturers believe that this is often twice as long.

With prices and fashion changing so fast, no store wants to be left high and dry with a batcb of unsold obsolescent calculators. This is even more crucial considering that their initial profit margins are already pared to the bone.

Quality control

Thns, the market which manufacturers bave created out of their own technology bas produced its own remorseless pressure for more technology, more innovation, and more new models.

Manufacturers can no longer just be satisfied with putting a product on tha market at the right place. Calculators must now have minimum qnality standards and a degree of reliability that was not common, even two years ago. As a result, many manufacturers have changed their quality control procedures, which bave tended to become much more complicated.

In the long run, bowever, this attention to quality control is of benefit to manufacturers as well as consumers since the low profit margins on calculators at the bottom end of the price range does not allow them to handle many rejects and still make a profit.

The impetus for manufacturers to raise qnality standards for calculators has come partially from retailers, as well. Big store chains have formed close relationships with the producars and have often insisted on proper quality control because their own retailing reputations are at stake.

But because rejects are normally replaced immediately by the retailer, who, in turn, receives a replacement from the manufacturer, it is the producer who bears the biggest sacrifice for low standards.

Another factor that retailers bave bad to take into account is the seasonality of calculator sales. Tbe ratio of winter to summer sales is estimated to be about two-to-one in favour of winter. The main sales peaks come in the run-up to Christmas and also at the start of the new school year.

About two out of every five calculator sales take place during the September to December period, while remaining winter months — Jannary to March — are secondary in importance.

The main question for retailers, however, is what will bappen to prices and demand during the 1980s. It does not seem likely that prices can fall much further at the bottom end of the market since tbe most basic calculators now sell for £5 or less. New savings from technology and production methods at this end of the market are likely to be insufficient to compensate for the increase in inflation in otber costs areas.

But while price alone will not substantially increase the market, there are other factors that could be exploited by retailers to increase sales.

The age entry into the calculator market, for example, has become progressively lower, moving down from university students to sixth formers, then to O-level pupils and, now surprising as it may seem, towards the primary school level.

Calculators have also made a significant impact into the electronic toys and games market, a fect that a number of retailers exploited just before last Chriatmas. Electronic Mastermind, for example, is a prime examplc of the use of calculator technology as an interesting game. In the same way, games such as the "Little Professor" help young children to develop their mental arithmetic skills by use of a calculator.

Development

One novel development introduced just before Christmas was the "Brainbank" which incorporates calculator technology to act as a learning aid, phrasc book and translator for foreign languages, a library of general knowledge, and a personal filing cabinet, all rolled into one.

During the 1980s, retailers will be keen to promote sales of the more technological and higber-priced calculators (or spin-offs), which will earn higher profit margins. But, at the same time, retailers will continue to promote the simple and cheep calculator as a means of onsuring that consumers are educated to use calculators instinctively.

David Churchill

COMMODITIES AND AGRICULTURE

Indian tea exports rise sharply

By K. K. Sharma

NEW DELHI — Indian exports of tea rose to 210.57m kilograms worth Rs 3.69bn (about £200m) in 1979-80 compared with 177.33m kilos worth Rs 3.59bn in the previous year, according to the Tea Board.

Tea exports were higher by 18.7 per cent in volume and 2.9 per cent in terms of value during 1979-80. But the unit value per kilo fell to Rs 17.54 against Rs 20.25 in 1978-79.

The rise in tea exports during 1979-80 is attributed to larger offtake by traditional buyers and increased sales to new markets. The abolition of export duty from mid-February, 1979 also helped.

However, tea exports failed to reach the target set of 220m kilos because of a prolonged strike at the Calcutta port.

In addition export earnings from packet tea, tea bags and instant tea fall to Rs 498m during the period April, 1979 to February, 1980, against Rs 682m in the corresponding period of the previous year.

Production of olive oil falls

MADRID — A sharp decrease in 1979-80 production has led to an improvement in the glut situation on the olive oil market, a spokesman for the International Olive Oil Council said here.

He said the 42nd meeting of the council, which ended here last week, had recommended that consumption should increase, mainly in the producing countries, to further improve the market balance.

The council estimated this year's production at 1,272,000 tonnes compared with 1,470,400 tonnes in 1978-79. Consumption for 1979-80 was estimated at 1,452,300 tonnes, slightly up on last year's figure of 1,440,300 tonnes. Current stocks stood at 223,500 tonnes.

Reuter

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GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.60, codlings £2.40-£3.30. Haddock (large) £4.40, medium £3.70-£4.50, small £2.50-£3.50. Plaice (medium) £4.60-£5.30, best small £3.60-£4.90. Skinned dogfish (large) £5.50, medium £3.00-£4.00. Lemon soles (large) £8.00, medium £7.00. Saithe £2.40-£2.70.

Metals held back by sterling rise

BY JOHN EDWARDS, COMMODITIES EDITOR

THE RISE in the value of sterling against the dollar kept London metal prices under pressure when the markets reopened yesterday after the Bank Holiday. Most base metals ended the day lower, but copper managed to retain the gains made late on Friday in New York as a result of the fall in interest rates. Silver, too, was higher, even in sterling terms, and despite another big rise in stocks held in LME warehouses.

Copper cash wirebars closed £13 up at £901.5 a tonne reflecting the firm undertone in the market. In the U.S. several producers announced a rise in their domestic selling prices of 4 cents to 96 cents a lb.

Encouraging the firm tone in London was a decline in LME copper stocks. They fell by 2,450 tonnes reducing total holdings in the warehouses to 115,650 tonnes and virtually wiping out all the stocks increases since late March.

Other base metal stocks movements were as expected. Tin stocks fell by 140 to 1,875 tonnes, lead by 1,700 to 19,375 and nickel by 228 to 7,896 tonnes. Aluminium stocks rose by 50 to 27,050 tonnes and zinc by 1,600 to 58,925 tonnes.

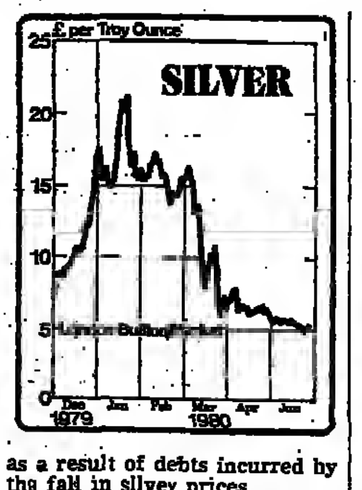
Thera was another big rise in LME silver holdings, which rose by 610,000 ounces making total holdings a hefty 25,840,000 ounces—the highest level since June 1977. LME silver stocks fell to a low of 9,450,000 in November last year during the silver boom.

But the inflow of silver, both from mines and secondary smelters, generated by the record high prices, has boosted stocks up sharply and supplies have continued to come to the market despite the collapse in prices.

Silver prices were firmer yesterday in line with gold. The bullion spot quotation was raised by 30.8p to 5,179p a troy ounce at the morning fixing, and in the afternoon values moved further ahead especially in late trading following an upward trend in New York.

The market remains highly nervous awaiting the testimony to be given by the Hunt brothers to another U.S. Congress sub-committee investigating the silver market gyrations.

Paul Volcker, U.S. Federal Reserve Board chairman, in a report to the Senate banking committee said the Hunt family associates still owe about $900m



as a result of debts incurred by the fall in silver prices.

A $1.1bn line of credit is still being negotiated with a group of U.S. and foreign banks, but the role of the Federal Reserve Board was limited to ensure that the loan would not be used in any way for more speculation.

Market traders were particularly apprehensive last week when silver prices dipped below £5 an ounce. It was feared this might trigger off further forced selling, but this has not happened.

● OTTAWA—The foreign investment review agency will not seek to review the transfer of Beaufort Sea Exploration permits from Hunt International Inc. to Engelhard Minerals and Chemicals Corp., an agency spokesman told Reuters.

In mid-April Hunt International transferred a 20 per cent interest in its Beaufort sea oil and gas exploration leases to Engelhard for about $300m.

Cane growers fear imports cut

BY OUR GEORGE TOWN CORRESPONDENT

SUGAR OFFICIALS of the Caribbean Community (Caricom) have expressed deep concern here that the failure of the EEC to put into effect a proposed reduction for British beet sugar could mean "a dramatic reduction" in the 1.3m tonnes exported to Western Europe by the African-Caribbean-Pacific (ACP) states under the Lomé Convention.

The officials met at the Guyana-based Caricom secretariat this past weekend and issued a statement underlining the region's concern—which has been surfacing in various forms in recent months.

The Caricom commodities working party on sugar recommended that the Ministerial Council "give urgent consideration to effecting strenuous efforts to ensure that the market outlets in the EEC for ACP sugar are retained for the full quantity covered by the sugar protocol."

The experts suggested that such action could be taken with British Ministers, Parliamentarians, "and other influential quarters," as well as "the existing support for ACP producers in refining and general industrial and trade union circles in the UK."

In addition, they have called for the establishment of a permanent ACP representation in London to co-ordinate such actions "with a view to persuading the UK government to give practical effect to their obligations to maintain conditions on the UK market such that full access for ACP sugar continue to be fulfilled."

Late rally in sugar

BY OUR COMMODITIES STAFF

AFTER ANOTHER day of nervous trading world sugar values ended slightly higher on the London market.

The August position on the London futures market climbed to a new 5½-year peak of £388 a tonne during the morning but heavy selling during the afternoon, encouraged by the strength of sterling, wiped out the gain. Then, however, talk that South Africa might be planning to import sugar to offset a domestic shortage caused by drought, prompted a late rally which left the August position £1.30 up on the day at £379.05 a tonne.

Dealers said the earlier selling had been partly due to traders reacting against an "overbought" situation following the recent rise, and reports of a low-priced sale of Dominican Republic raw sugar at the weekend.

Fishermen plan import protest

Financial Times Reporter

A MINI-Armada of fishing boats will sail up the Thames to the Houses of Parliament on Friday to press for urgent Government action to save Britain's inshore trawlermen from bankruptcy.

At the same time fishermen will be staging protests at ports around the country as part of their continuing campaign of non-co-operation with the Government over cheap EEC fish imports, which, they claim, are crippling their industry.

The fishermen say the imported fish are caught by subsidised fleets, often in defiance of Common Market fishing rules.

Mr. Nigel Atkins, director-general of the National Federation of Fishermen's Organisations, said yesterday: "It will be a gentlemanly day of protest. Not illegal, but disruptive." He said a "deluge" of imports this year had forced down British quayside prices while operating costs continued to escalate.

Mr. Atkins, whose federation represents mainly skipper-owners operating from Britain's East coast, said French fishermen received a "huge and quite illegal" fuel subsidy while Dutch fishermen also were given help towards fuel costs. In addition Norwegian fishermen were getting £12m a year in subsidies, he said.

The federation is also seeking restrictions on fish imports from Third World countries.

● Norway exported £612m worth of fisheries products last year, £12m more than in 1978, according to the Association of Norwegian Fish Producers.

Russian team in cotton talks

TOKYO—A visiting Soviet cotton mission will start talks with Japanese trading houses this week on sales of Soviet raw cotton for shipment in the second half of this year, traders said here.

The Soviet team is expected to offer to sell 30,000 tonnes for shipment mainly in the October-December period and will also discuss buying Japanese textile products in exchange, they added.

Reuter

Malaysian exporters look to the East

BY OUR OWN CORRESPONDENT

A MALAYSIAN commodity mission which recently made a five-week tour of China, South Korea and Japan, is confident the East Asian region will be an increasingly important market for Malaysia commodities in the 1980s.

This is cheerful news for Malaysian producers, who now fear the four-year commodity boom is over.

In recent weeks, prices of rubber, cocoa, tin, palm oil and timber have fallen sharply as the recession in the West fuels fears of a big fall in demand.

Datuk Pual Leong, Malaysia's Minister of Primary Industries, who led the mission to the East Asian countries, feels that in the medium and long term the expanding economies of China, South Korea and Japan will help Malaysia offset some of the adverse effects of the Western recession.

Datuk Leong, who spent a month in China, was given the rare opportunity of visiting the plantation on Hainan Island and the tin mines in Yunnan.

The Malaysian found the Chinese very open in their discussions, and gathered considerable information about China's commodity position.

The Chinese have extensive areas under rubber in the south and their research is surprisingly advanced.

Yields are low, however, owing to extremes in wind, temperature and rainfall conditions. The Chinese are developing trees that can resist such physical extremities, but it is unlikely their production will keep pace with demand.

Last year, China consumed about 320,000 tonnes of natural rubber of which 220,000 tonnes were imported. Half of this came from Malaysia, the rest from Sri Lanka, Thailand and Singapore.

Chinese consumption of elastomers can be expected to grow at 8 to 10 per cent annually, well above the anticipated 5 per cent growth in world demand.

The Chinese market for palm oil is very large. Last year, China bought 60,000 tonnes of Malaysian palm oil compared with 11,00 tonnes in 1978.

All was used for soap making and other non-edible purposes. The Chinese are importing about 100,000 tonnes of beef tallow annually, mainly from the U.S., for soap making. They can be expected to switch to palm oil to upgrade the quality of their soap, if only to cater for the growing tourist industry.

Because of price and taste preferences, the Chinese do not use palm oil for cooking, but the Malaysian mission believes the southern Chinese could be persuaded to switch if they become more prosperous.

Although China possesses sizeable tin reserves, the Malaysians were reassured that it would not be a large-scale exporter.

China's tin output is between 15,000 and 17,000 tonnes last year, with 80 per cent consumed locally.

South Korea has emerged as an important market for Malaysian commodities in recent years.

Between 1975 and 1979 its natural rubber imports rose from 64,000 to 133,000 tonnes. This is expected to increase to 215,000 tonnes by 1983.

The market is now big enough for Malaysia to have a rubber technical advisory office in Seoul, instead of covering the area from Tokyo.

Korean intakes of palm oil are also growing. Last year, it took 18,000 tonnes. This year, the figure is estimated to be 60,000 tonnes, rising to 120,000 tonnes by 1983.

Milk Board to push overseas sales

BY RICHARD MOONEY

BRITAIN'S Milk Marketing Board is confident that it can maintain the upward trend in dairy products exports that it has achieved in recent years. While total UK cheese exports fell by 5 per cent to 15,000 tonnes last year, the MMB managed to boost its overseas sales by 32 per cent to 5,385 tonnes.

Mr. M. J. Rooney, divisional director, cheese, said in London yesterday the Board is aiming for a further 25 per cent rise in the value of cheese exports in 1980/81. The figures exclude slaes of production from the 16 factories the board took over from Unigate last August.

At a Press conference to introduce Mr. John Miller, who has been appointed to the new post of divisional director for exports, Mr. Rooney said the main thrust of the board's export sales effort would be concentrated on the Middle East. There would also be increased sales effort in the EEC, particularly France, he said.

The Middle East will also be a major target for increased exports of unsalted butter. Mr. P. Pegden Smith, divisional director, butter and powders, said. So far this year the MMB has won export contracts for 10,000 tonnes of butter worth £17m and Mr. Pegden Smith expects the total to rise substantially by the end of the year.

Most of the sales have gone to EEC markets but the MB is currently tendering for contracts in the Middle East.

The board has also had a major sales drive for skim milk powder with sales contracted to Holland, Germany, Spain, Mexico, Brazil, Peru, Japan, the Philippines, Malta, Kenya, and the Caribbean area. In addition other major contracts are being negotiated for the Middle East and South America.

Other products the board is pushing on the export market are whole milk powder, whey powder and lactose (milk sugar).

Mr. M. E. Bessey, director of product marketing, said the export drive was aided by declining negative monetary compensatory amounts (MCAs) reducing export levies on sales to the EEC, which recently turned into positive MCAs, resulting in small export subsidies.

He said the board would export when overseas prices were as good or better than in the UK; when returns were lower but factories would otherwise be under-utilised; and when there were good strategic reasons, such as to avoid excessive intervention sales.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on balance on the London Metal Exchange. The strong performance on Comex last Friday caused forward metal to open firmer at £932. However, the sharp rise in sterling against the dollar depressed the price to £920 in the rings. In the afternoon a further rise on Comex saw forward metal rise to around £934 before renewed strength in sterling and a downturn on Comex left the price at £928.5 on the late kerb. Turnover, 21,425 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £897, three months £923, 22, 21, 20, 21, 22, 21, 20, 21, 22, 21, 21.5, 21. Cathodes, cash £878, 77. Kerb: Wirebars, three months £922, 23, 24, 23. Afternoon: Wirebars, three months £933, 34, 33, 32.5, 31.5, 31, 30.5, 30, 26, 26.5, 27, 28, 28.5, 26. Kerb: Wirebars, three months £928, 29, 28, 27, 26, 28, 29.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	896-7	+8	901-2	+13
3 months	921-.5	+8.5	925-.5	+13.5
Settlem't	897	+8	—	.....
Cathodes				
Cash		.....	880-4	+18.5
3 months	877-8	+14	904-6	+16.5
Settlem't	908.5	+15	—	.....
U.S. Prod	878	+14	*90-96.25	.....

TIN—Easier. Following a fall on Penang forward metal was marked down to £7,530 on the pre-market. In the morning rings heavy selling from one particular quarter was noted and this depressed the price further to around £7,190. However, good physical demand, reflecting the fall in stocks and talks of shipments of metal going out from LME warehouses, established a backwardation and steadied the market. In the afternoon the market moved up in the wake of good buying demand to close the late kerb at £7,230. Turnover 1,200 tonnes.

Morning: Standard, cash £7,260, 65, 70, three months £7,210, 7,200, 7,190. Kerb: Standard, three months £7,190, 7,200. Afternoon: Standard, three months £7,220, 30.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7260-75	-47.5	7275-300	-27.5
3 months	7210-40	-55	7235-55	-75
Settlem't	7975	-55	—	.....
Standard				
Cash	7260-70	-50	7275-95	-12
3 months	7190-200	-87.5	7215-25	-72.5
Settlem't	7270	-50	—	—
Straits E.	†$2161	-13	—	.....
New York	—	.....	—	.....

LEAD—Down following renewed American selling in the light of the fresh rise in sterling against the dollar. This selling saw forward metal fall from £338 to £328 by the second ring, but the market picked up in the afternoon to close the kerb at £334.5. Turnover 24,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	324-.5	-5.25	323-4	-6
3 months	331-.2	-5	329.5-30	-6.75
3'ment	324.5	-5.5	—	.....
U.S. Spot	—	.....	*36-40	.....

Morning: Cash £324, 25, 24.5, three months £331, 32, 31.5, 31, 30, 28, 30, 31, 32, 31. Kerb: Three months £330, 29, 30. Afternoon: Cash £324, three months £331.5, 31, 30. Kerb: Three months £331, 32, 35, 34.

ZINC—Barely changed in quiet and routine trading with forward metal finally £317.5 on the late kerb. Turnover 3,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	306-.5	-2.75	318-9	-2.75
3 months	317-.5	-1	317-8	-.75
S'ment	306.5	-3	—	-.75
Primw'ts	—	.....	*37.5	.....

Morning: Three months £317, 17.5. Kerb: Three months £318. Afternoon: Three months £319, 18, 17. Kerb: Three months £317.

ALUMINIUM—Lost ground following the rise in stocks, the strength of sterling and poor physical demand. Forward metal opened around the £733 level and fell away to £723 before rallying to touch £729 and closing at £725. Turnover 4,650 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	726-.5	-14	721-2	-15
3 months	725-.6	-10.5	723-4	-12.5

Morning: Cash £724, 23, three months £735, 33, 32, 31, 29, 28, 26, 24, 23, 25, 26, 27. Kerb: Three months £729. Afternoon: Three months £726, 25, 24, 23, 24. Kerb: Three months £722, 23, 24, 25.

NICKEL—Weak following the sharp rise in sterling. Forward metal remained under light pressure throughout the day, falling from £2,700 on the early pre-market to £2,630 on the late kerb. Turnover 254 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2550-60	-27.0	2535-45	-42.5
3 months	2640-5	-40	2630-5	-5

Morning: Three months £2,675, 70, 60, 50. Kerb: Three months £2,640. Afternoon: Three months £2,625, 35.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 30.8p an ounce higher for spot delivery in the London bullion market yesterday at £5.179. U.S. cent equivalents of the fixing levels were: spot $12.3, up 92.6c; three-month $12.539, up 95.7c; six-month $12.839, up 99.1c; and 12-month $13.378, up 97.5c. The metal opened at £5.05-£5.20 ($11.9-$12.2), and closed at £5.30-£5.45 ($12.55-$12.85).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	517.90p	+30.8	540.0p	+61.0
3 months	537.50p	+32.9	559.5p	+53.5
6 months	559.30p	+33.7	—	.....
12months	590.50p	+33.7	—	.....

LME—Turnover 287 (133) lots of 10,000 ounces. Morning: Cash untraded; three months 530, 37, 36, 33, 32, 30. Kerb: Three months 534, 35, 36, 35, 38, 39, 39.5, 40. Afternoon: Cash untraded; three months 546, 47, 53, 55, 58, 57, 58, 59. Kerb: Three months 565, 64, 68, 72, 74, 75.

COTTON

LIVERPOOL—Spot and shipment sales in Liverpool amounted to 538 tonnes. Considering the after-holiday atmosphere, the offtake was extensive, being the largest daily rate reported since March. Numerous styles were in request, covering African, North American and Middle Eastern varieties.

COCOA

Following the recent pattern, futures once again established new life of contract lows before a £10 rally at the close. Producers were absent from the market today, and only minimal scale-down buying was seen from consumers, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
May	1040-50	-25.5	1065-43
July	1060-61	-21.5	1070-55
Sep	1078-81	-22.5	1086-70
Dec	1127-28	-17.5	1135-18
March	1164-70	-14.5	1175-55
May	1190-200	-19.0	1182-83
July	1215-30	-19.0	1230

Sales: 3,722 (3,737) lots of 10 tonnes.

COFFEE

Following initial weakness in robustas the market rallied sharply from recent chart support levels, reports Drexel Burnham Lambert. However, with sterling particularly strong, the upward momentum was never maintained and prices were kept under continual pressure for most of a somewhat quiet day. Values finally closed at the day's lows, after mixed dealing.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1645-60	-21.5	1675-55
July	1696-97	-20.5	1750-1695
Sept	1751-52	-27.5	1785-52
Nov	1760-62	-34.5	1828-1760
January	1760-70	-29.5	1798-70
March	1700-38	-46.0	1740-75
May	1735-40	-17.5	1740

Sales: 3,276 (3,725) lots of 5 tonnes.

ICS Indicator prices for May 23 (U.S. cents per pound): Other Mild Arabicas 193.00 (192.67); Robusta ICA 1976 177.25 (177.00). ICA 1968 177.50 (177.85). Unwashed Arabicas 216.00 (same). Comp. daily ICA 1968 197.98 (196.70).

GRAINS

LONDON GRAIN FUTURES — The market opened 10p lower and volume was generally very light. Sellers eased values to 25p lower and buyers at these levels steadied values slightly to close 15-20p down on wheat, and 5-20p down on barley, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	—	.....	—	.....
Sept	94.20	-0.28	92.00	-0.05
Nov	98.00	-0.15	95.00	-0.05
Jan	101.80	-0.20	99.70	-0.15
Mar	105.20	-0.15	103.05	-0.20

HGCA — Locational ex-farm spot prices. Other milling wheat: S. East 98.00. Feed wheat: S. East 98.00, W. Midlands 100.70, N. West 98.00. Feed barley: S. East 92.20, S. West 93.80, W. Midlands 91.70, N. West 90.80.

RUBBER

The London physical market opened slightly steadier, with little interest throughout the day, closing easier. Lewis and Peat reported a Malaysian godown price of 278 (280) cents kg (buyer, June).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	57.80-57.70	—	—
Aug	58.50-58.70	—	—
Jly-Sept	58.50-58.60	58.20-59.30	59.20-58.80
Oct-Dec	62.20-62.50	62.60-65.00	65.20-62.00
Jan-Mar	65.20-65.30	65.60-65.90	65.90-64.80
Apr-Jne	67.80-68.20	68.40-68.50	—
Jly-Sept	70.00-70.00	71.20-71.40	70.80
Oct-Dec	73.20-73.50	73.70-74.50	74.00-72.80
Jan-Mar	75.80-76.00	76.80-78.10	76.80-75.40

Sales: 186 (223) at 15 tonnes, none (122) at 5 tonnes.

Physical closing prices (buyer) were: Spot 55.75p (56.00p); July 60.25p (60.75p); August 61.25p (61.75p).

JUTE

JUTE—Dundee: June: BWC £218, BWD £189, BTB £267, BTC £229, BTD £195; Antwerp June BWC $510, BWD $425, BTB $633, BTC $533, BTD $463. Jute goods—Dundee June: 40-inch 10-oz £13.54, 40-inch 7.5-oz £10.55, "B" twills £31.82.

SOYABEAN MEAL

The London market opened slightly easier on stronger sterling, reports T. G. Roddick. The market continued to drift lower on featureless trade to close on contract lows.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	99.00-100.9	-1.30	101.00-100.00
August	105.50-04.0	-0.95	103.80-103.60
October	101.90-02.0	-0.70	102.50-01.80
December	105.80-05.9	-0.70	106.00-05.50
February	108.80-08.9	-0.65	109.00
April	110.00-12.2	-0.75	—
June	111.00-14.0	-1.25	—

Sales: 46 (132) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £360.00 (£350.00) a tonne cif for May-June-July shipment. White sugar daily price was £355.00 (£350.00).

Initial trades were some £10 above pre-holiday levels but in the absence of any fresh news, buying interest faltered at the higher levels and as long liquidation developed prices fell back. At one stage the decline extended to some £15.00 but short-covering set in at lows, and a recovery of some £5.00 had occurred by the close.

Sugar Pref. Corom. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	380.00-85.00	380.00-85.00	388.00-74.00
Aug	379.00-79.10	377.00-78.00	388.00-74.60
Oct	381.55-82.00	380.00-80.25	388.00-70.50

Sales: 9,264 (14,192) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only): Aug. 369.00, 371.00; Oct. 378.50, 379.00; Jan. 379.00, 383.00; March 383.00, 384.00; May 379.00, 382.00; Aug. 373.00, 377.00; Oct. 370.00, 378.00. Sales 1,888 (2,956).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £472.00 (£450.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 23: Daily price 34.94 (32.17); 15-day average 30.80 (30.24).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on May 24: GB cattle 81.84p per kg lw (−2.77). UK sheep 143.75p per kg est dcw (+2.39). GB pigs 65.99p per kg lw (−5.36).

COVENT GARDEN: Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Vernas 3.80-4.20; Jaffa: Valencia Lates 50/168s 4.80-6.30; Egyptian: Valencia Lates 75/125s 2.80-3.00; Moroccan: 54/113s 3.50-4.80; Cypriot: Valencia Lates 3.50-4.50; Arizona: Valencia Lates 72/88s 5.50-5.80; Outspan: Navels 3.80-4.30. Lemons—Italian: 100/150s 4.20-4.50; Spania: trays 25/45s 1.80-2.30, boxes 4.20-5.20. Outspan: boxes 480-6.20 trays 2.50-2.80. Grapefruit—Cypriot: 20 kg 4.50-6.00; Jaffa: boxes 40/75s 4.80-5.50; Outspan: 3.95-4.55. Minneolas—Californian: approx. 20 lb 54/80s 4.30. Apples—New Zealand: Sturmer Pippins 8.20-8.30; Tasmanian: Jonathans 8.20-8.50, Golden Delicious 7.30-7.50, Sturmer Pippins 8.20-8.40, Granny Smith 7.00-7.30; Chilean: Granny Smith large boxes 125/150s 7.50; S. African: Golden Delicious 8.40-8.80, Starking 8.00-8.50, White Winters 125/180s 7.20-7.40, Granny Smith 7.00-7.40; French: Golden Delicious, boxes 40 lb 138/175s 5.60-6.20, 20 lb 2.80-3.30; Italian: Jonathans/Romas 40 lb 5.00-5.20. Pears—S. African: approx. 34 lb Beurre Bosc 7.20-7.50, Packham's 8.30-8.80; Italian: Passacrassana 12 lb 2.00-2.20. Grapes—S. African: Barlinka 7.20, Golden Hill 7.50, Almeria 7.50. Strawberries—per punnet, Italian: 0.30-0.35; French: Belgian: 0.35. Cherries—French: per pound 0.60-0.70. Melons—Israeli: Yellow 10s 10.00-11.00, watermelons 8.00-8.50; Spanish: 6/11s 6.00-7.00. Avocados—S. African: 3.40-3.80. Bananas—Jamaican: 28 lb per pound 0.19. Tomatoes—Dutch: 4.00-4.40; Guernsey: 4.30-4.70. Onions—Chilean: 5.30-5.40; Dutch: 5.80; Canary: 5.80. Chicory—Belgian: 5 lb 2.40-2.60. Potatoes—Egyptian: King Edwards 3.50-3.60; Cypriot: New crop 20 kg 3.50; Jersey: per pound 0.30; Italian: 55 lb 4.50; Valencia: 44 lb 3.30; Majorcan: 44 lb 4.30-4.60. Carrots—Dutch: 10 kg 4.40; American: 48 x 1 lb 8.64. Beetroots—Cypriot: New crop, approx. 28 lb 4.50. Cabbages—Dutch: White 2.60-2.80. Asparagus—Hungarian: per bundle 0.80. Courgettes—French: per pound 0.35.

English Produce: Potatoes—per bag 2.00-2.20. Mushrooms—per pound 0.40-0.50. Apples—per pound Bramley 0.10-0.16. Strawberries—English per ½ lb 0.20-0.25. Swedes—per 25/28 lb 0.60-0.70. Carrots—per bag 1.80-2.40. Cabbages—per bag 1.00. Cauliflowers—per 12s English 3.00-3.80. Cucumbers—trays 16/20s 2.40-2.80. Tomatoes—per 12 lb 4.20-4.60. Lettuces—per pound round 1.00-1.20. Rhubarb—per pound outdoor 0.05. Onions—per bag 5.80-6.00. Beetroots—per bag round 1.80, long 2.50. Celery—English 12/30s 4.00-4.80. Asparagus—per pound 0.80-1.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 27 1980	+ or —	Month ago
Metals			
Aluminium	£721.5	-15	£810/815
Free Mkt	$1690/1712	-60	$1675/05
Copper			
Cash w'bar	£901.5	+13	£899.5
3 mths	£926.25	+13.5	£924
Cash Cathode	£882	+18.5	£870
3 mths	£904	+16.5	£900.5
Gold troy oz	$514.6	+0.50	$522.5
Lead cash	£323.5	-6	£416
3 mths	£329.75	-6.75	£411
Nickel	£3,335.5	.....	£3,477
Freemkt (cif lb)	265/295c	.....	275/305c
Platin'm tr'y oz	£189-193	.....	£189-193
Free mkt	£235	-2.85	£258.15
Quicksil'ver	$385/395	+5	$400/410
Silver troy oz	517.90p	+30.8	627.90p
3 months	537.55p	+32.9	650.40p
Tin Cash	£7,267.5	-27.5	£7,710
3 mths	£7,245	-75	£7,582.5
Tungsten 22.04lb	$142.49	.....	$140.75
Wolfrm 22.04 lbs	$138/145	.....	$141/146
Zinc cash	£306.25	-2.75	£306.5
3 months	£317.5	-0.75	£314.5
Producers	$760-825	.....	$760/825
Oils			
Coconut (Phil)	$660x	+10	$635
Groundnut		.....	
Linseed Crude	£404	.....	£423
Palm Malayan	$595x	.....	$600
Seeds			
Copra Philip	$425	+5	$400
Soyabean (U.S.)	$268.30z	-0.85	$264.60
Grains			
Barley Futures	£92	-0.05	£90.95
Maize			
French No3AM	£117	‡	‡
Wheat			
No. 1 Red Spg	‡	.....	‡
No2HardWint	‡	.....	‡
Eng. Milling	‡	.....	‡
Other commodities			
Cocoa ship't	£1,121	-91	£1,305
Future July	£1,060.50	-81.5	£1,268.5
Coffee Ft'r July	£1696.5	-20.5	£1,872.5
Cotton A.Index	88.15c	.....	89.50c
Rubber (kilo)	55.75p	-0.25	63p
Sugar (Raw)	£360	+10	£240
Wooltp's 64s kl	295p kilo	.....	294p kilo

u June. o June/July. t May-June. w Aug. x July. z Indicator. § Buyer. ‡ Per 76-lb flask.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 468.0, 469.0, 469.0-464.0, 142; Oct. 459.0, 459.5, 460.0-457.0, 75; Dec. 459.0, 460.0, 460.0-457.0, 78; March 467.0, 467.5-464.0, 41; May 471.0, 471.5, 471.0-467.0, 15; July 475.0, 476.0, 476.0-474.5, 8; Oct. 477.0, 479.0, —, 9. Sales: 359.

LONDON NUMBER 2 (in order buyer, seller): May 355, 370; Aug./Oct./Dec./Jan. 372, 380; March 377, 383; May 377, 386; Aug./Oct. 377, 387.

AMERICAN MARKETS

NEW YORK, May 27.

PRECIOUS METALS were supported by the firm tone to London spot gold and on further declines in U.S. prime rates. Copper was mixed on profit-taking after recent gains. Sugar advanced the limit on reports that South Africa will be importing rather than exporting sugar. Cocoa prices continued to decline on reports of producer selling. Favourable weather in growing areas depressed coffee prices. Commission house stop-loss selling pressured cotton values. The livestock complex posted minor gains on mostly firmer live markets. Grains were higher on beliefs that maize and wheat areas lack adequate moisture. Soyabean prices advanced on concern over Brazilian harvest conditions, reported Heinold.

Copper—May 94.60 (94.70), June 94.70 (94.90), July 95.50, Sept. 96.70, Dec. 98.40, Jan. 98.95, March 100.00, May 101.00, July 102.05, Sept. 103.10, Dec. 104.65, Jan. 105.20, March 106.25. Sales: 7,450.

Potatoes (round whites)—Nov. 74.7 (71.4), March 85.8 (81.8), April 94.8. Sales: 1,058.

Coffee—"C" Contract: July 197.48 (200.65), Sept. 205.04 (208.07), Dec. 198.55, March 192.75, May 193.25, July 193.25, Sept. 191.75. Sales, 3,371.

*Gold—May 523.8 (509.7), June 524.0 (510.0), July 528.4, Aug. 533.5, Oct. 543.1, Dec. 552.8, Feb. 562.6, April 572.6, June 582.5, Aug. 592.5, Oct. 602.5, Dec. 612.5, Feb. 622.5. Sales: 31,000.

*Platinum—May 564.0 (543.8), June 566.5 (546.5), July 570.8, Oct. 578.5, Jan. 589.5, April 599.5, May —, July 609.5. Sales: 1,365.

Silver—May 1295.0-1310.0 (1190.0), June 1252.0 (1192.0), July 1281.0, Aug. 1270.0, Oct. 1291.0, Dec. 1312.0, Feb. 1333.0, April 1354.0, June 1375.0, Aug. 1396.0, Oct. 1417.0, Dec. 1438.0, Feb. 1459.0, April —, June 1501.0, Aug. 1522.0, Oct. 1543.0.

¶Silver—May 1350.0 (1196.0), June 1248.0 (1198.0), July 1255.0, Sept. 1275.0, Dec. 1305.0, Jan. 1315.5, March 1335.0, May 1356.5, July 1377.0, Sept. 1398.0, Dec. 1429.0, Jan. 1440.0, March 1461.0. Sales: 3,000. Handy and Harman bullion spot 1290.00 (1174.00).

Sugar—No. 11: July 37.30 (36.58), Sept. 35.99 (34.99), Oct. 36.62, Jan. 37.45, March 37.54, May 37.30, July 37.00, Sept. 36.70, Oct. 36.48. Sales: 13,900.

Tin—790.00-796.00 nom. (780.00-791.00).

CHICAGO, May 27.

Lard—Chicago loose 18.00 (same). New York prime steam unavailable.

Live Cattle—June 65.97 (65.35), Aug. 66.07 (65.17), Oct. 64.60, Dec. 65.65, Jan. 66.25, Feb. 66.62, April 67.00.

Live Hogs—June 33.20 (32.97), July 35.20 (34.60), Aug. 34.85, Oct. 35.75, Dec. 39.20, Feb. 42.30, April —, June 44.35, July 44.50.

‡‡Maize—July 281¼-281½ (279½), Sept. 291¼-291½ (290), Dec. 299¾-300, March 312¾-313, May 320, July 326.

Pork Bellies—July 32.80 (32.25), Aug. 32.57 (32.17), Feb. 47.15, March 47.15, May 47.85, July 46.10, Aug. 47.50.

†Soyabeans—July 633½-636 (632), Aug. 640½-641 (638¾), Sept. 648-649, Nov. 660½-661, Jan. 674-675, March 689, May 699½, July 707½.

‖Soyabean Meal—July 172.5-172.7 (172.5), Aug. 175.3-175.4 (175.1), Sept. 178.0, Oct. 180.3, Dec. 184.0, Jan. 186.0-188.3, March 190.0, May 193.0-193.2, July 196.5-197.0, Aug. —.

Soyabean Oil — July 22.32-22.28 (22.23), Aug. 22.52-22.50 (22.45), Sept. 22.70, Oct. 22.90-22.95, Dec. 23.22-23.24, Jan. 23.30, March 23.65, May 23.95, July 24.15-24.25, Aug. —.

†Wheat—July 418½-418 (416½), Sept. 431½-432 (429¼), Dec. 451-450, March 468½-465, May 471½, July 467.

WINNIPEG, May 27.

§Barley—May 123.40 (123.50), July 123.40 (122.50), Oct. 120.80, Dec. 118.80, March 119.80.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, May 27.

Wheat—U.S. No. 2 Red Winter July $184, Aug. $186, Sept. $187. U.S. No. 2 Northern Spring, 14 per cent, May-June $199, July $200, Aug. $201, Sept. $204, Oct. $207, Nov. $209, Dec. $215. Rest unquoted.

Maize—Afloat $139, May $139.75, June $138.50, July $139, Aug. $142, Sept. $144, Oct.-Dec. $147.50, Jan.-March $155.

Barley—May $142.25, June $144.50, July $148.75.

Soyabeans—U.S. No. 2 Yellow Gulfports afloat $253, June $263.50, July $263.75, Aug. $265.70, Sept. $270, Oct. $271.25, Nov. $271.75, Dec. $276.25, Jan. 280.25, Feb. $285.75, March $288 seller. Argentine June $259.40, July $259.80, Aug. $262.60 sellers.

Soyameal—44 per cent protein U.S. afloat $221.50, May $223, June $223, July $224, Aug. $226, Sept. $228, Nov.-March $240.50. Brazil Pellets afloat $225, June-July $227, Aug. $230, Nov.-March $248.

PARIS, May 27.

Cocoa (FFr per 100 kilos)—July 1050, Sept. 1045-1055, Dec. 1065-1075, March 1110-1120, May 1122. Sales at call nil.

Sugar (FFr per 100 kilos)—July 3430-3500, Aug. 3480-3483, Oct. 3570-3574, Nov. 3550, Dec. 3661-3674, March 3710-3750, May 3750, July 3760. Sales at call 28.

INDICES

FINANCIAL TIMES

May 23	May 22	M'nth ago	Year ago
268.95	270.25	278.74	281.41

(Base: July 1, 1952=100)

MOODY'S

May 23	May 22	M'nth ago	Year ago
1106.5	1096.6	1135.9	1060.1

(December 31, 1931=100)

DOW JONES

Dow Jones	May 23	May 22	Month ago	Year ago
Spot	434.62	431.24	489.92	390.54
F'tur's	447.42	443.43	435.81	396.61

(Average 1924-25-26=100)

REUTERS

May 27	May 23	M'nth ago	Year ago
1711.1	1714.0	1878.2	1579.5

(Base: September 18, 1931=100)

Concorde in parcel service

BRITISH AIRWAYS is to use Concorde to operate a supersonic parcels service linking Britain, Singapore and the U.S.

The minimum charge between London and Singapore is £60 for five kilogrammes or less and £12 for every additional kilogramme.

Under the new service, a package sent from Singapore at 11.30 am will arrive in Washington by 6 pm the same day local time.

The airlines said yesterday that weight and size restrictions would encourage fast carriage and airport clearance. Urgent documents, newsfilm and medical supplies are expected to be among the parcels carried.

CORAL INDEX: Close 417-422 (−5)

LONDON STOCK EXCHANGE

Medium tap exhausted following another big overseas demand for Gilts but equity leaders continue lower

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 8 am two business days earlier.

Renewed strong demand from foreign sources encouraged by yesterday's sharp rise in sterling gave another boost to British Funds and enabled the Government broker to sell his remaining supplies of the partly-paid medium tap stock Exchequer 13½ per cent 1992. Orders for the stock were rationed to 50 per cent and, following exhaustion of the authorities' supplies at 20⅞, the price rose to 20{illegible fraction} before meeting with profit-taking which pared the gain to a net ⅛ at 20¼.

Widespread gains ranging to ⅜ were recorded in other medium and long-dated Gilts and, despite faltering in the afternoon, the late tone was fully firm with sentiment benefiting from the latest reduction in U.S. prime rates to 14 per cent.

Short-dated issues were more volatile and, after improving initially, moved erratically to close on a mixed note. The low coupon Exchequer 3 per cent 1984 came under pressure, possibly reflecting the need to raise funds for this week's new low-coupon Treasury 3 per cent 1985 issue.

In complete contrast, the continuing advance in sterling with its adverse implications for overseas earners coupled with the NIESR predictions on the UK economy set the seal on another dull session in the industrial leaders. Last week's warnings from GKN and ICI about difficult times ahead also continued to weigh on market sentiment. ICI came under renewed selling pressure, while GEC and Racal led the downturn in the Electrical sector.

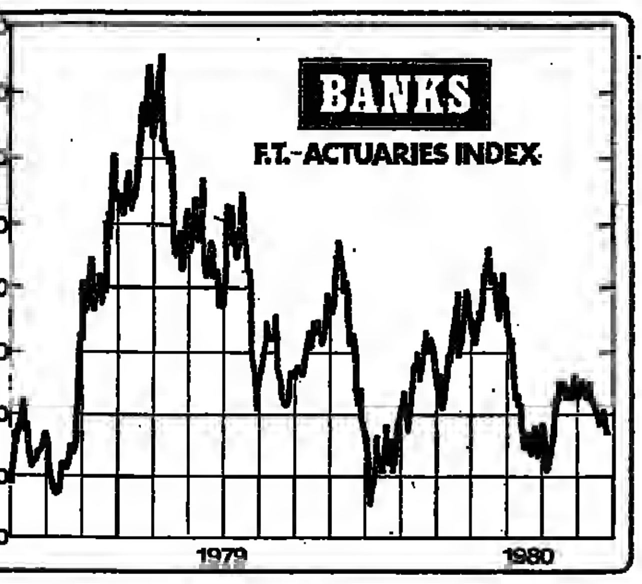
Influenced by the falls in the first-named stocks, the FT 30-share index declined steadily and closed only marginally above the day's lowest with a fall of 3.3 to 420.0. One of the few points of interest among secondary equities was provided by Anderson Strathclyde, up 3 to 79p, after 92p, following yet another sortie into the market by Rowe and Pitman, this time on behalf of Charter Consolidated. The latter offered 92p per share for around 10m Anderson Strathclyde shares in order to obtain a 28.4 per cent stake in the company and soon acquired the necessary amount.

Discounts firm

Southern Rhodesian bonds maintained a firm trend with the emphasis on the 2½ per cent 1965-70 issue which rose 5 points to £147.

Traded options began the short week by recording 377 trades; higher than Friday's total of 252, but well below last week's daily average of 430. Racal, 103 deals, was the only issue to attract a reasonable business.

Discount Houses started the week in the same firm manner as they finished last week's session. Sentiment was again buoyed by the impressive performance of gilts and Gerrard and National advanced 5 afresh to 255p. King and Shaxson touched 86p before closing a net 2 better on balance at 84p. Cater Ryder, however, closed unaltered at 345p, after 350p. Following Friday's details of the Charterhouse Group's agreed £43m share-exchange terms for Keyser Ullmann, dealings in both were resumed yesterday; the former closed at 77p compared with the suspension price of 84p, while the latter rose from its suspended level of 70p to 76p before settling at 75p. Other merchant banks made modest progress with Arbuthnot Latham 3 dearer at 233p on Press suggestions that Mr. Graham Ferguson Lacey is about to sell his near 15 per cent stake. Hambros gained 3 to 350p and Guinness Peat hardened 2 to 111p. The major clearers lacked support and drifted lower. Lloyds, 288p, and Midland, 323p, declined 7 apiece.



Life Issues came in for some useful support in Insurances. Closing improvements of 6 were common to Pearl, 326p, Equity and Law, 220p, Legal and General, 174p, and London and Manchester, 182p. Elsewhere, Edinburgh and General closed 3 better at 37p following the announcement that Birmingham and Midland Counties Trust had sold its 1.7m share stake in the group.

Breweries were quiet awaiting a batch of company trading statements expected later this week. Greenall Whitley, interim results tomorrow, eased 3 to 180p, but Youngs, annual figures due the same day, added a couple of pence at 165p.

Leading Building Issues held relatively steady, but certain secondary counters encountered scattered selling. Among Timbers, Phoenix shed 6 to 114p and Montague L. Meyer eased 3 to 89p, but Mallinson-Denny, after slipping to 65p, reverted to the pre-weekend level of 66p. Light offerings ahead of tomorrow's annual results left International Paint 3 cheaper at 62p. Hoveringham lost 4 at 66p and the Restricted Voting a penny at 63p, while Ruberoid gave up 2 at 55p, after 54p. Against the trend, Nottingham Brick improved 5 to 170p and Ibstock Johnsen a couple of pence to 65p. Aberdeen Construction, 104p, and SGB, 140p, responded to favourable Press comment with gains of a penny and 2 respectively.

Further gloomy forecasts of UK economic trends caused sporadic selling of ICI, which shed 8 to a 1980 low of 350p. Fisons eased 4 to 263p, while speculative counters Allied Colloids, 110p, and Plysu, 97p, gave up 7 and 2 respectively. Buying ahead of next Thursday's annual results lifted Coalite a couple of pence to 103p.

Reports of lower sales left leading Stores easier although selling was of little volume. British Home fell 4 to 272p, while Mothercare, 226p, and House of Fraser, 144p, both shed 2. Debenhams, on the other hand, encountered further speculative support and added 3 more to 71p. Among secondary counters, Grattan Warehouses fell 4 to 52p following the auditor's qualification of the Accounts revealed by the chairman at the annual meeting. Peters continued to attract speculative buying and closed 2 better at 72p, but Polly Peck, good of late on asset injection hopes, met with profit-taking and ended 3 cheaper at 54p. B. Paradise added 4 at 21p.

The effects of the strong pound and also concern about the future of the British microchip industry prompted weakness in selected Electricals. GEC fell to 347p before rallying slightly to end a net 7 lower at 350p and Racal came back to 226p prior to closing 8 easier on balance at 228p. Thorn EMI lost 3 to 267p, as did BICC, at 113p, while Plessey shed 2 to 143p. Renewed selling was noted of Electrocomponents, 15 lower at 508p.

Proceedings in the Engineering sector were enlivened considerably by the afternoon announcement that Rowe and Pitman had been instructed by Charter Consolidated to purchase through the market up to 10m shares in the recent speculative favourite Anderson Strathclyde at a price of not more than 92p per share in order to increase its stake in the group to 28.4 per cent; the ensuing rush for shares in Anderson Strathclyde saw the price jump from an initial easier level of 74p to touch 92p before closing only a net 3 better on balance at 79p, after it was announced the purchase had been successfully completed. Elsewhere, dull conditions prevailed in the leaders with the recent half-year profits' warnings from GKN and Babcock continuing to weigh on sentiment. Down 28 last week, GKN sustained a fresh reaction of 4 at 232p, while Babcock receded 3 more to 80p. Tubes declined 4 to 242p.

Foods contributed to the generally dull trend in equities. Nervous offerings ahead of today's interim statement left Tate and Lyle 2 cheaper at 128p, while Cadbury Schweppes lost the turn, at 57p. Retailers had Associated Dairies 4 off at 164p. Elsewhere, Robertson shed 6 to 126p on scattered selling, while P. Panto, down a penny at 13p, reflected the annual loss and dividend omission.

BTR dull

A further strong advance in sterling encouraged dullness in some of the major exporting miscellaneous industrials. Metal Box fell 12 to 24p, BTR declined 11 to 373p, while Reckitt and Colman cheapened 4 to 166p and Unilever cheapened 6 to 412p. Ahead of tomorrow's preliminary results, Beecham eased to 109p before closing unaltered at 110p. Elsewhere, Letraset remained friendless, falling 4 afresh to 114p, after 113p, on a "sell" recommendation, while Gieves eased a similar amount to 45p on the Board's profits warning.

Lucas remained a dull market in Motors, closing another 5 down at 197p. Dunlop, however, continued to attract support from Far-eastern sources and gained the turn to 73p, while Airflow Streamlines, annual results Friday, put on a couple of pence to 52p. Distributors again trended easier with Frank Gates, 40p, Caffyns, 124p, and Lookers, 39p, shedding 2 apiece; all are due to report annual results shortly.

The chairman's warning of a substantial first-half loss and omission of the interim dividend prompted weakness in BPC which closed 4 lower at a year's low of 17½p. In contrast, Paper and tin foil manufacturers, J. and J. Makin, responded to favourable Press comment with a gain of 10 to 133p.

Oils resist

With a reduction in Minimum Lending Rate looking less likely in the short term, leading Properties were subjected to sporadic offerings which left Land Securities a couple of pence off at 338p and MEPC 4 down at 208p. Selected secondary issues, however, attracted occasional speculative support, Imry adding 5 to 665p and Lynton 3 to 204p.

Oils resisted the dull conditions prevailing among other equity sectors. Interest faded after a reasonable start, however, and closing levels were usually below the best. British Petroleum touched 346p before settling at 342p for a net gain of 4, while Shell reverted from 380p to end unchanged at 378p. Outside the leaders, Carless Capel hardened a couple of pence to 132p, Candecca added 3 at 143p and Clyde improved 15 to 570p.

Among easier Textiles, Parkland slipped a couple of pence to 31p ahead of next Tuesday's annual results. Similar falls were recorded in Tern-Consulate, 56p, and Sidlaw, 110p. Sanderson Murray and Elder also lacked support and shed 4 to 29p, but comment after the first-half deficit left Homfray a penny better at 12p.

Golds sharply higher

A number of South African Golds and the whole of the Australian mining market were notably strong in a generally firm mining market.

The Australian market was marked up sharply at the outset following the large scale buying demand in overnight domestic markets. Prices dipped briefly immediately following the start of trading, as profit-takers moved in, but then regained the upward path in the wake of strong London and overseas interest.

Gold producing stocks and exploration issues were particularly sought. Among the producers, Gold Mines of Kalgoorlie advanced 18 to 236p, after 204p, Poseidon, which announced a maiden dividend last Friday, 11 to 131p, Bougainville 10 to 112p, North Kalgurli 4 to 64p, and Western Mining 8 to 225p.

The exploration issues were featured by Samantha Exploration, 16 higher at 90p, after 94p, its associate Samson Exploration, 12 firmer at 56p, and Allstate Exploration, which put on 10 to 65p.

Elsewhere in Australians Haoma jumped 8 to a 1980 high of 60p and North West Mining 2 to a high of 51p following news that an associate of both companies, Strata Oil, has discovered gas in the Perth Basin off the coast of Western Australia; Strata Oil rose 5 to 15p on the news.

South African Golds registered widespread gains in the after-hours trade following sizeable buying from the U.S. The market had opened on a firm note and gradually gathered momentum during the day. The Gold Mines index rose 7.6 to 317.7—its best level since March 24.

Most of the American buying was directed towards West Driefontein, which advanced £1¼ to £36; the company's final dividend is due next month. Western Holdings also came in for U.S. support and closed £1½ higher at £27. Other firm spots were Western Deep, ½ up at £18½, and Buffels, which rose a half-point to £17.

FINANCIAL TIMES STOCK INDICES

—	May 27	May 23	May 22	May 21	May 20	May 19	A year ago
Government Secs.	68.39	68.08	67.54	67.58	67.42	67.81	72.70
Fixed Interest	68.38	68.19	68.08	68.00	68.04	68.09	74.88
Industrial	420.0	423.3	426.5	431.6	433.5	434.8	515.0
Gold Mines	317.7	310.1	308.3	310.6	308.9	308.2	187.3
Ord. Div. Yield	8.93	8.45	8.34	8.22	8.19	8.18	5.48
Earnings, Yld. % (full)	20.78	20.57	20.34	20.05	19.96	19.94	15.48
P/E Ratio (net) (*)	5.85	5.90	5.97	6.05	6.08	6.09	8.50
Total bargains	18,079	17,451	17,449	17,623	17,207	18,323	—
Equity turnover £m	—	96.09	89.28	96.30	83.36	108.99	[illegible]
Equity bargains total	—	12,207	11,518	12,671	11,957	14,171	15,889

10 am 422.5. 11 am 422.0. Noon 420.4. 1 pm 419.8.
2 pm 419.5. 3 pm 419.6.

Latest Index 01-246 8026.

*Nil=5.48.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.22 (21/1)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (13/2)	406.2 (3/1)	558.9 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.9 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 27	May 23
—Daily		
Gilt Edged	120.6	119.3
Industrials	113.3	106.1
Speculative	31.1	26.8
Totals	79.5	72.8
5-day Avge.		
Gilt Edged	114.0	114.0
Industrials	112.5	111.5
Speculative	31.4	30.3
Totals	79.0	78.9

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	34	25	46	—	62	—	345p
BP	360	18	31	32	—	48	6	"
BP	300	2	5	12	—	—	—	"
Courtaulds	70	4	—	6½	18	7½	3	70p
GEC	320	4	19	14	—	25	—	348p
Grand Met.	120	11	10	19½	—	21	—	187p
Grand Met.	130	6	10	10½	4	15½	—	"
Grand Met.	140	2	—	9	9	—	—	"
ICI	330	35	10	45	—	56	—	351p
ICI	360	14	10	23	—	39	—	"
ICI	390	4½	—	11	5	22	—	"
Land Secs.	300	39	2	54	—	65	—	338p
Land Secs.	330	15	5	33	—	45	—	"
Marks & Sp.	90	3	3	7½	—	10	—	85p
Marks & Sp.	100	1	10	3	—	—	—	"
Totals			143		32		9	
		May		**August**		**November**		
Imperial Gp.	70	4½	3	9	—	10	—	74p
Imperial Gp.	80	¼	13	3½	—	4½	—	"
Racal Elec.	220	8	28	23	—	33	—	227p
Racal Elec.	240	½	—	18	75	23	—	"
RTZ	260	98	1	—	—	—	—	355p
RTZ	360	2	13	25	82	40	—	"
RTZ	390	½	—	12	3	26	39	"
Totals			68		100		55	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., May 27, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., May 23 Index No.	Thurs., May 22 Index No.	Wed., May 21 Index No.	Tues., May 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	227.44	−0.6	19.31	7.04	6.43	228.77	232.94	235.27	236.34	266.18
2	Building Materials (28)	225.33	−0.1	19.08	7.23	6.47	225.62	229.43	230.15	231.58	246.16
3	Contracting, Construction (27)	343.58	—	27.34	7.04	4.38	343.54	348.31	350.50	351.39	402.14
4	Electricals (16)	596.95	−1.6	14.03	4.23	9.25	606.88	618.06	622.77	621.50	647.92
5	Engineering Contractors (11)	268.31	−0.7	25.39	9.66	4.94	270.22	272.14	274.01	274.29	396.83
6	Mechanical Engineering (74)	153.03	+0.3	21.24	8.57	5.80	152.50	155.66	157.37	158.54	197.35
8	Metals and Metal Forming (16)	150.23	−0.7	22.94	10.87	5.27	151.29	154.54	159.35	161.98	180.53
11	CONSUMER GOODS (DURABLE) (49)	203.60	−1.4	16.08	6.25	7.62	206.39	209.84	211.85	212.78	247.07
12	Lt. Electronics, Radio, TV (14)	293.58	−1.6	12.45	4.55	10.28	298.32	303.86	305.04	305.90	335.05
13	Household Goods (14)	97.58	−0.5	30.29	10.95	3.90	98.06	98.71	98.07	98.97	172.99
14	Motors and Distributors (21)	97.80	−0.8	23.44	10.09	4.97	98.62	99.96	102.92	103.72	127.98
21	CONSUMER GOODS (NON DURABLES) (172)	211.89	−0.8	19.43	7.46	6.23	213.62	214.11	214.73	215.28	248.26
22	Breweries (14)	270.32	−0.3	16.72	6.64	7.02	271.18	270.07	274.25	276.53	286.08
23	Wines and Spirits (5)	287.72	−1.3	18.93	6.49	6.51	291.48	290.48	291.66	291.57	309.18
24	Entertainment, Catering (17)	294.50	—	19.21	7.38	6.40	294.43	292.11	294.69	295.10	333.00
25	Food Manufacturers (21)	187.35	−0.9	20.97	7.86	5.60	189.02	189.66	190.28	189.46	226.18
26	Food Retailing (13)	295.83	−0.7	14.59	5.24	8.10	297.94	300.75	300.79	302.72	301.13
32	Newspapers, Publishing (13)	413.17	−0.9	23.02	7.08	5.87	416.81	419.24	419.33	419.73	461.75
33	Packaging and Paper (15)	123.94	−2.2	26.20	9.44	4.65	126.68	127.12	126.44	127.20	144.06
34	Stores (42)	208.24	−0.8	14.79	5.91	8.71	209.97	210.86	210.27	211.24	250.07
35	Textiles (24)	123.20	−1.0	28.15	12.53	4.45	124.39	125.12	126.72	126.79	181.80
36	Tobaccos (3)	197.69	−1.0	30.94	11.71	3.66	199.67	201.16	201.16	201.16	252.29
37	Toys and Games (5)	26.44	−1.2	46.32	18.35	2.56	26.77	27.47	27.77	27.34	77.31
41	OTHER GROUPS (99)	195.82	−1.2	18.56	7.64	6.40	198.28	200.18	201.98	202.49	216.17
42	Chemicals (16)	288.68	−2.0	21.73	8.34	5.28	294.71	297.35	304.40	304.75	302.06
43	Pharmaceutical Products (7)	177.32	−0.5	14.20	7.55	8.54	178.28	180.92	181.70	181.19	238.74
44	Office Equipment (6)	101.39	−1.8	21.48	8.18	5.32	103.29	104.34	106.49	107.43	129.18
45	Shipping (10)	496.18	+0.1	14.13	7.12	8.65	495.69	499.73	500.93	504.63	470.92
46	Miscellaneous (60)	242.11	−0.9	17.73	7.04	6.94	244.34	246.37	245.56	246.55	257.24
49	INDUSTRIAL GROUP (492)	218.08	−0.9	18.95	7.31	6.40	220.05	222.06	223.53	224.25	252.44
51	Oils (8)	758.54	+0.6	30.42	6.79	3.63	753.85	750.14	752.75	740.68	653.70
59	500 SHARE INDEX	260.69	−0.6	21.46	7.20	5.49	262.17	263.77	265.34	265.10	285.17
61	FINANCIAL GROUP (118)	199.16	−0.1	—	6.20	—	199.38	199.10	198.18	198.72	202.22
62	Banks (6)	206.95	−1.7	47.32	7.44	2.59	210.48	209.79	208.49	209.40	238.08
63	Discount Houses (10)	261.41	+1.0	—	7.43	—	258.93	253.09	252.61	246.40	241.50
64	Hire Purchase (5)	198.60	−0.4	16.54	5.00	7.85	199.41	199.26	198.51	198.31	192.79
65	Insurance (Life) (10)	185.44	+2.7	—	6.87	—	180.57	180.24	178.54	178.18	168.11
66	Insurance (Composite) (9)	126.30	+0.4	—	8.52	—	125.81	125.54	125.12	125.35	139.51
67	Insurance Brokers (10)	297.40	+1.1	15.86	7.13	8.76	294.12	294.17	293.70	298.29	295.71
68	Merchant Banks (14)	107.92	+0.9	—	5.70	—	106.95	107.88	106.94	106.25	101.22
69	Property (45)	396.20	−0.6	3.53	2.79	40.44	398.39	398.25	397.34	398.68	357.32
70	Miscellaneous (9)	128.36	−0.8	20.41	7.36	6.24	129.41	129.46	128.76	129.30	128.11
71	Investment Trusts (109)	217.54	—	—	6.28	—	217.47	218.04	218.32	218.54	224.71
81	Mining Finance (4)	182.47	+2.0	14.57	5.41	8.32	178.83	180.19	182.17	181.17	140.52
91	Overseas Traders (19)	370.79	−0.3	13.59	7.30	9.02	371.76	373.96	373.60	376.04	363.81
99	ALL-SHARE INDEX (750)	246.16	−0.4	—	6.92	—	247.08	248.22	249.16	249.13	262.10

FIXED INTEREST PRICE INDICES

	British Government	Tues., May 27	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.06	−0.02	—	4.02
2	5-15 years	109.80	+0.56	0.12	4.27
3	Over 15 years	113.79	+0.63	—	4.81
4	Irredeemables	131.35	+0.42	—	6.08
5	All stocks	108.90	+0.38	0.03	4.34

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Tues., May 27	Fri., May 23	Year ago (approx.)
1	Low Coupons	5 years	12.14	12.17	9.92
2		15 years	12.06	12.12	10.84
3		25 years	12.06	12.12	11.29
4	Medium Coupons	5 years	13.85	13.90	11.51
5		15 years	13.68	13.77	11.97
6		25 years	13.55	13.66	12.12
7	High Coupons	5 years	13.99	13.99	11.80
8		15 years	14.04	14.12	12.35
9		25 years	13.94	14.01	12.33
10	Irredeemables		11.14	11.18	11.11

		Tues., May 27 Index No.	Tues., May 27 Yield %	Fri. May 23	Thur. May 22	Wed. May 21	Tues. May 20	Mon. May 19	Fri. May 16	Thur. May 15	Year ago (approx)
16	20-yr. Red. Deb & Loans (15)	51.27	†14.43	51.31	51.88	51.38	51.29	51.88	51.30	51.30	60.77
12	Investment Trust Prefs. (15)	47.64	14.17	47.64	47.64	47.64	47.64	47.64	47.58	47.59	52.38
17	Coml. and Indl. Prefs. (20)	51.87	14.51	51.87	51.77	51.74	51.74	51.82	51.71	51.49	75.06

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Charterhse. Grp.	25p	8	77	—	84	61
GEC	25p	8	350	− 7	388	326
LASMO	25p	8	642	+ 2	665	337
BAT Inds.	25p	7	235	− 3	271	223
Electrocmpnts.	10p	7	508	−15	558	413
ICI	£1	7	350	− 8	402	350
BP	25p	6	342	+ 4	412	320
Marks & Spencer	25p	6	85	− 2	96	77
Racal Electronics	25p	6	228	− 8	248	175
RTZ	25p	6	355	+ 8	485	327
Beecham	25p	5	110	—	134	109
Coral Leisure	10p	5	59	—	80	57
Dunlop	50p	5	73	+ 1	74	51
GKN	£1	5	232	− 4	279	232
Shell Transport	25p	5	376	—	410	314

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Calls were done in Premier Oil, Mallinson-Denny (LRC, UK Property, Coral Leisure, Oil Search, Candecca, Carless Capel, Dunlop, Lasmo, Lonrho, UDT, 600 Group, Attock Petroleum, William Press, FNFC, KCA and Charterhouse. No puts were reported, but doubles were completed in Debenhams, Beecham, Coral Leisure and FNFC.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
25	F.P.	12/5	25	24	Amstrad Cons. Elect.	25	.....	bd3.3	3.0	5.5	2.8
	F.P.	—	180	156	††Homardon Mng. 10c	140	.....	—	—	—	—
55	Nil	30/6	80	74	Home Farm Prods 10p	72	.....	b2.9	2.5	5.3	10.7
‖	F.P.	—	305	305	Lionel Corp $0.10	305	.....	Q15c	—	2.2	—
§83	F.P.	27/2	21	23	Oakwood Group	23	.....	66.5	2.4	11.2	5.4
100	F.P.	27/6	110	97	Peerless	97	−1	b6.3	2.8	2.3	4.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	Nil	3/2	31pm	11pm	Automated Sec. 8% Cnv. Uns. Ln. '95	23pm	−1
100p	F.P.	—	101	98	Edwards (L.C.) 8% Conv. Red. Cum. Pref	101	.....
¶¶	F.P.	30/5	110½	25¼	Imp. Cont. Gas 8% Conv. Loan. 1995-2000	108	.....
‖	F.P.	5/5	106	100½	Leigh Interests 10pc Conv. Uns Ln. 1984-85	105	.....
¶	F.P.	30/5	108	100¼	Mid Southern 10% Red Prf. 1985	103	.....
‖	F.P.	27/6	104	101½	North Brit. Props. 0½% Cov. Uns. Ln. 1996	105	+½
¶¶	F.P.	9/6	83	81	Norwest Holst 11½% Red Cum Pref 1985	82	.....

"RIGHTS" OFFERS

Issue Price p‡	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Price p‡	+ or −
30	F.P.	1/5	18/6	150	120	Brent Chemicals	145	−1
59	Nil	29/5	4/7	34pm	18pm	Clifford's Dairies 'A'	18pm	.....
12	Nil	30/5	20/6	1½pm	1½pm	East Rand Cons.	1½pm	.....
54	Nil	11/6	25/7	9½pm	2½pm	Eleco	8½pm	−½
27	F.P.	18/9	13/9	31	27	First Castle Secs.	27	.....
40	Nil	30/5	18/7	7pm	5pm	Hawley Leisure	5pm	−½
48	F.P.	29/4	23/5	70	68	Howard Tenens	65	−3
118	Nil	3/6	18/7	13pm	2pm	Linfood	2pm	−1
60cts	Nil	—	—	435pm	190pm	Pancontinental	275pm	.....
54	F.P.	8/5	27/6	76	97	Rugby Portland Cement	73	+1
180	F.P.	14/5	27/6	306	194	Unitech	284	−2
68	F.P.		13/6	75	68	United Biscuits	70	.....
110	F.P.	2-/4	13/6	143	123	Watmoughs	137	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. o Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £3.50 per unit. [illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980

NEW HIGHS (68)

BRITISH FUNDS (20)
Treas. 0½pc '84-86 · Treas. 12pc 1995
Exchqr. 13½pc '87 · Exchqr. 10¼pc '95
Fndg. 6½pc '85-87 · Treas. 14pc 1996
Treas. 7¼pc '85-88 · Treas. 13¼pc 1997
Treas. 11½pc 1989 · Treas. 9½pc 1999
Treas. 13pc 1990 · Exchqr. 12pc '99-02
Treas. 11¾pc 1991 · Treas. 13¾pc '00-03
Treas. 12¼pc 1992 · Do. A
Exchqr. 13½pc '92 · Fndg. 3½pc '99-04
Treas. 12½pc 1993 · Treas. 11¾pc '03-07

LOANS (5)
USUC 9pc 1982 · ICFC 11pc Uns. Ln. 1988
ICFC 6½pc '81-84 · Do. 8¾pc Ln. 1992-97
Do. 10½pc Uns. Ln. 1986

INTERNATIONAL BANKS (7)
Bath 11¾pc 1985 · L-pool 9¼pc '80-84
B'ham 12¾pc 1985 · Lon. Con. 13¼pc '83
GLC 12½pc 1983 · LCC 5½pc '82-84
Herts. 6½pc '85-87

AMERICANS (1)
Quaker Oats

CANADIANS (4)
Bank of Montreal · Royal Bank of Can.
Bk. of Nova Scotia · Toronto Dom. Bank

BANKS (9)
Alexanders Discount · Jessel Toynbee
Allen Harvey · Keyser Ullmann
Arbuthnot Latham · King & Shaxson
Cater Ryder · Union Discount
Gerrard National

BUILDINGS (1)
Nott. Brick

CHEMICALS (1)
Hoechst 10pc Uns. Ln.

STORES (2)
Menzies (J.) · Peters Stores

ENGINEERING (1)
Anderson Strathclyde

INDUSTRIALS (3)
Len Group · Russell (A.)
Pitney Bowes Loan

INSURANCE (3)
Britannic · Royal Ins.
London & Manchester

LEISURE (1)
Scottish TV A

PROPERTY (2)
Lynton · Prop. Hld. & Inv.

OIL & GAS (2)
Santos · Woodside

OVERSEAS TRADERS (2)
Paterson Zochonis · Paterson Zoch. A NV

MINES (4)
Rand London Coal · Haoma
Central Pacific · North West Mining

NEW LOWS (75)

AMERICANS (1)
Barnes Group

BANKS (2)
Royal Bk. of Scot. · Sturla

BEERS (1)
Tomatin

BUILDINGS (3)
Gough Cooper · Wiggins Con.
Phoenix Timber

CHEMICALS (1)
ICI

STORES (5)
Cope Sportswear · MFI
Fine Art Devs. · Woolworth
Grattan Warehouses

ELECTRICALS (3)
Arlen Elec. · Chloride
BSR

ENGINEERING (12)
Alcan Aluminium · GKN
Babcock Int. · Pooler-Hattersley
British Northrop · Priest (Ben)
Butterfield Harvey · Record Ridgway
Cartwright · Stothert & Pitt
Cohen (A.) · Thyssen

FOODS (4)
Bishop's Stores A · Panto (P.)
Carr's Milling · Squirrel Horn

HOTELS (2)
Mount Charlotte · Ryan Hotels

INDUSTRIALS (16)
Alpine Hldgs. · Letraset
Beecham · Marshall's Universal
Bellair · Oliver
Central Mfg. · Rexmore
Christie-Tyler · Stocklake
Glaxo · Toothill
Hargreaves · Wedgwood
Highgate & Job · Wood Hall

LEISURE (2)
Barr W.A.T. A · Photax

MOTORS (11)
E.R.F. · Gates (F. G.)
Armstrong Eqpt. · Hurst (C.)
Lucas Inds. · Lookers
Arlington · Manor Nat.
Braid Group · Pennine Comm.
Caffyns

NEWSPAPERS (1)
Black (A. & C.)

PAPER (3)
BPC · Usher-Walker
Oxley Printing

TEXTILES (4)
Carrington Viyella · Stoddard A
Parkland A · Tern-Consulate

OVERSEAS TRADERS (2)
Berisford (S. & W.) · Borthwick (T.)

MINES (2)
Coronation · Wankie Colliery

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	64	9	17
Corpns. Dom. and Foreign Bonds	34	—	32
Industrials	133	339	923
Financial and Prop.	105	86	310
Oils	23	7	20
Plantations	2	—	24
Mines	71	18	86
Others	49	47	47
Totals	482	506	1,459

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	47.0	49.3	.....	—
Sterling Equity Fd.	58.1	61.0	.....	—
Intnl. Bond Fd.	US$0.99	1.04	.....	—
Intnl. Equity Fd.	US$0.98	1.03	.....	—

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 143.97 151.55 ..... —

Surinvest (Jersey) Ltd. (x)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	45.9	49.4	-0.1	2.02
Abbey Capital	35.5	38.4	-0.2	5.99
Abbey General	46.1	49.3	-0.2	6.32
Abbey Gilt & F.I. Tst.	107.4	113.0	+0.7	9.40
Abbey Income	40.4	43.7	-0.2	8.98
Abbey Intl. Bd. Tst.	93.6	99.1	-0.3	5.55
Abbey Inv. Tst. Fnd.	37.6	40.6	-0.3	6.34
Equitas Prog. Trust	68.4	73.9	-0.1	6.86

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	84.4	90.0	.....	13.04

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	74.6	79.8	-0.2	6.64
Brit. Inds. Fund	67.4	72.1	-0.1	2.01
Growth & Income	41.4	44.3	-0.1	5.68
Elect. & Ind. Dev.	36.3	38.8	-0.3	6.51
Allied Capital	76.2	81.5	-0.1	5.70
Hambro Fund	116.4	124.5	-0.3	6.48
Hambro Acc. Fund	143.0	153.0	-0.3	5.88

Income Funds

High Yield Fd.	63.4	68.0	-0.3	10.66
High Income	68.0	72.8	-0.2	8.37
A. H. Eq. Inc.	40.1	42.9	-0.1	8.46
Govt. Secs.	24.8	25.4	+0.4	8.85

International Funds

International	28.0	30.0	+0.4	3.60
Pacific Fund	46.8	50.1	+0.4	2.46
Secs. Of America	55.9	59.8	-0.1	2.34

Specialist Funds

Smaller Co.'s Fd.	47.9	51.3	.....	4.87
2nd Smlr. Co's Fd.	56.1	60.0	.....	4.88
Recovery Sits.	112.3	120.2	-1.0	6.94
Met. Min. & C'dty.	56.3	60.6	+0.5	4.97
Overseas Earnings	56.7	60.7	-0.2	5.60

Exempt Funds

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. May 9	200.6	213.9	.....	5.82

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.89
Gt. Winchester O'seas	21.0	23.2	.....	4.75

Emson & Dudley Tst. Mngmt. Ltd.
28b Albemarle St., W1. 01-499 3211

Emson Dudley Tst.	68.1	73.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	71.8	75.5	-0.1	5.64

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.8	24.1	.....	1.00
Fixed Interest	24.9	26.3	+0.1	12.87
Growth + Income	29.3	30.9	.....	7.72
Special Sits.	28.9	30.5	-0.2	3.12

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.3	29.3	.....	2.50
Accum. Units	33.5	36.0	.....	2.50
J. Finlay High Income	31.4	33.7	.....	10.70
J. Finlay Euro. Fin.	21.2	22.8	.....	4.80
Accum. Units	26.5	28.4	.....	4.80
J. Finlay Fd. In. Tst.	32.9	35.4	.....	5.30
Accum. Units	40.6	43.6	.....	5.30

Prices on May 21. Next dealing May 28.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American May 27	50.2	53.6	+0.2	1.24
Am. T'around May 27	49.8	53.2	+0.4	2.00
Capital Tst.	51.6	55.2	-0.2	5.60
(Accum. Units)	52.4	56.0	-0.2	5.20
Extra Income Trust	46.4	49.6	-0.2	10.16
Income Tst.	35.2	37.6	-0.2	9.22
Int. Growth Fd.	42.2	45.0	.....	2.51
(Accum. Units)	44.8	47.8	.....	2.51

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	48.9	52.2	.....	5.16
Do. Accum.	68.8	73.5	-0.1	5.16

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 15	117.9	119.9	.....	5.56
Gross Inc. May 15	75.8	78.4	.....	11.61
High Yield May 15	86.9	90.9	.....	10.41

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or –	Int.	Red.
93¾	88	Sth. Africa 9½pc 79-81..	93¾	+½	10.27	13.43
160	107	Sth. Rhod. 2½pc '65-70	147	+5	—	—
167	133	Do. 6pc '78-81	168	......	—	—

LOANS

Public Board and Ind.

High	Low	Stock	Price £	+ or –	Int.	Red.
68	56½	Agric. Mt. 5pc '59-89	59½	......	8.68	13.14
79½	73½	Alcan 10½pc '89-94..	79½	......	13.83	14.65
28½	25	Met. Wtr. 3pc 'B'	27½	......	11.20	13.23
103	89	U.S.M.C. 9pc 1982	103	+7	8.75	—
91	85½	Do. without Warrants	91	......	10.40	16.20

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
250	183	Alexanders D. £1	250	+2	16.0	—	[illegible]	—
£76½	£56	Algemene Fl.100	£62½	......	Q25%	1.9	[illegible]	6.7
365	290	Allen Harvey £1	360	–2	21.5	—	[illegible]	—
128	98	Allied Irish	104	......	Q8.93	—	[illegible]	—
17	13	Ansbacher (H.) 5p	16	......	—	—	—	—
233	180	Arbuthnot L. £1	233	+5	†10.42	—	[illegible]	—
360	290	Bk. Ireland £1	295	......	Q23.51	—	8.[illegible]	—
£162	£142	Do. 10pc Conv.	£142	......	Q10%	—	[illegible]	—
*8	5	Bk. Leumi $0.1	6	......	Q11.4%	—	1.[illegible]	—
120	100	Bk. Leumi (UK) £1	120	......	8.57	—	10.[illegible]	—
178	137	Bk. N.S.W. $A1	138	......	Q16c	♦	[illegible]	♦
305	235	Bank Scotland £1	258	–5	13.0	5.1	9.[illegible]	3.0
£21	£16¼	Bankers N.Y. $10	£20¾	–¼	Q$3.30	—	7.[illegible]	—

BANKS & HP—Continued

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Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	24	......	—	—	—
24	12	ACM 20c	15	+½	—	—	—
86	52½	Bond Corp.	75	+1	h02.8c	2.2	1.9
156	88	Bougainville	Kina	112	+10	h026.2c	1.0	13.1
265	195	BH South 50c	200	......	♦	—	—
25	11½	Canada Northwest	19	......	—	—	—
42	8	Carr Boyd 20c	26	−1	—	—	—
£26½	£15¼	Central Pacific	£26½	+1¼	—	—	—
356	230	Conzinc Riotinto 50c	272	+12	Q15c	2.1	2.9
39	17	Cultus Pacific N.L.	32	......	—	—	—
50	20	Eagle Corp. 10c	28	......	—	—	—
26¼	15¾	Endeavour 20c	20#	......	—	—	—
258	175	G. M. Kalgoorlie 25c	236	+18	†03c	—	0.7
46	15	Great Eastern	20	......	—	—	—
395	260	Hamptn Areas 5p.	378	......	3.5	2.8	1.4
60	30	Haoma Gold N.L.	60	+8	—	—	—
720	80	Leichardt Expln.	260	−10	—	—	—
72	41	Metals Ex. 50c	57	+1	—	—	—
312	187	M.I.M. Hldgs. 50c	222	+15	†Q6.1c	1.8	3.7
20	7	Minefields Expl. 25c	7	......	—	—	—
155	60	Mount Lyell 25c	72	+2	—	—	—
28	15	Newmetal 20c	16	......	—	—	—
35	12	Nickelore N.L.	18	......	—	—	—
207	137	North B. Hill 50c.	166	......	†Q12c	1.4	3.8
80	44½	Nth. Kalgurli	64	+4	—	—	—
165	90	Nth. Mining Corp.	128	+4	—	—	—
51	24	N. West Mining N.L.	51	+2	—	—	—
235	144	Oakbridge $A1	182	+7	Q12c	4.7	3.4
122	70	Otter N. L.	93	......	—	—	—
230	128	Pacific Copper	192	+2	—	—	—
465	255	Pancont'l 25c	290	......	—	—	—
78	42	Paringa M&Ex.5p	50	−1	—	—	—
495	335	Peko-Wallsend 50c.	350	+10	†Q17.5c	♦	2.6
230	140	Selrust A	146	+2	—	—	—
£10¾	575	Southern Pacific	975	+25	—	—	—
75	31	Swan Resources 20c.	52	+4	—	—	—
13	0	West Coast 25c	8	......	—	—	—
264	177	Westn. Mining 50c.	225	+8	†07c	1.6	1.7
30	10	Westmex	12	......	—	—	—
96	56	Whim Creek 20c	88	+1	—	—	—
24	10½	York Resources	20	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	16	......	t6.0	1.9	53.6
345	255	Ayer Hitam $M1	265	......	‡Q290c	0.9	‡
67	42	Beralt Tin	48	......	4.5	3.2	13.4
190	149½	Berjuntai $M1	175	......	‡Q95c	1.0	‡
230	153	Geevor	210	......	8.71	3.1	5.9
11	10	Gold & Base 12½p	10½	......	—	—	—
400	310	Gopeng Cons.	375	......	†25.0	1.8	9.5
310	280	Hongkong	305	......	35.87	♦	16.0
105	90	Idris 10p	102	+4	14.0	♦	20.8
15	14	Jantar 12½p	14	......	—	—	—
82	64	Kamunting $M0.50	75	......	Q47½c	1.1	13.7
450	300	Killinghall $M1	450	......	Q100c	♦	4.5
730	485	Malay Dredging $M1	730#	......	‡eQ86c	2.6	2.9
33	26	Pahang	28	......	0.44	0.3	2.3
108	90	Pengkalen 10p	92	......	6.0	1.3	9.3
290	230	Petaling $M1	275	......	Q150c	1.4	11.1
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	29	South Crofty 10p	29	......	‡3.0	2.0	‡
255	180	South Kinta $M0.50	250#	......	♦Q150c	1.0	12.2
450	340	Sthn Malayan $M1	450#	......	♦Q175c	2.1	7.9
295	215	Sungei Besi $M1	280	......	†Q520c	1.0	37.8
39	22½	Supreme Corp. $M1	38	......	hQ8c	—	4.3
100	94	Tanjong 15p	94	......	24.5	♦	6.8
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
275	220	Tronoh $M1	245	......	Q250c	♦	21.9

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	180xd	......	mQ10c	♦	3.2

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
165	78½	Anglo-Dominion	155	−10	—	—	—
97	57	Barymin	57	......	—	—	—
16	12	Burma Mines 10p	14	......	0.62	1.1	6.4
502	320	Cons. Murch. 10c.	340	......	hQ100c	1.8	16.8
585	325	Northgate C$1	340	......	—	—	—
485	327	R.T.Z.	355xd	+8	15.0	q3.3	6.0
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1.	32	−1	—	—	—
650	411	Tara Explrn. $1	412	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- • "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✻ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. L Dividend and yield based on prospectus or other official estimates for 1980. M Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	29	......
Bertam	21	......
Bdg'wtr. Est. 50p	420	+5
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	34	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£14	......
Higsons Brew.	80xd	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	180	......
Pearce (C. H.)	455xd	......
Peel Mills	40	......
Sheff. Refrshmt.	103	......
Sindall (Wm.)	155	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£88¼	+⅛
Nat. 9¾% 84/89	£76⅛	+⅛
Fin. 13% 97/02	£84½	+⅛
Alliance Gas	48	+1
Arnott	370xd	......
Carroll (P.J.)	52	......
Clondalkin	117	+2
Concrete Prods.	83	......
Heiton (Hldgs.)	36	+2
Ins. Corp.	240	......
Irish Ropes	60	......
Jacob	35	−2
T.M.G.	100	......
Unidare	97	−3

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5		
Barclays Bank	30	Ladbroke	15	**Property**	
Beecham	13	Legal & Gen.	14	Brit. Land	7
Blue Circle	25	Lex Service	10	Cap. Counties	9
Boots	17	Lloyds Bank	24	Land Secs.	25
Bowaters	16	"Lofs"	3½	MEPC	17
B.A.T.	25	London Brick	6	Peachey	13
Brown (J.)	7	Lucas Inds.	20	Samuel Props.	12
Burton 'A'	22	"Mams"	14	Town & City	2
Cadburys	3½	Mrks. & Spncr	9		
Courtaulds	0	Midland Bank	38	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	38
Distillers	21	Nat. West. Bank	32	Burmah Oil	20
Dunlop	5½	P & O Dfd.	9	Charterhall	12
Eagle Star	14	Plessey	16	KCA	11
F.N.F.C.	2½	Racal Elect.	20	Premier	12
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	18	Tricentrol	35
Glaxo	40	Reed Intnl.	17	Ultramar	50
Grand Met.	12	Sears	5½		
G.U.S. 'A'	30	Tesco	7	**Mines**	
Guardian	25	Thorn	25	Charter Cons.	18
G.K.N.	22	Trust Houses	14	Cons. Gold	52
Hawker Sidd.	16	Tube Invest.	27	Lonrho	12
House of Fraser	12	Unilever	40	Rio T. Zinc	35
		U.D.T.	6		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday May 28 1980

Schmidt to visit Moscow for talks with Brezhnev

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany will visit Moscow on June 30 and July 1 for talks with President Leonid Brezbnev of the Soviet Union, according to Government officials in Bonn. Afgbanistan and prospects for East-West arms control will be high oo the agenda.

The visit, less than three weeks before the start of the Moscow Olympics which West Germany is hoycotting, is heiog viewed as ooe of the most delicate initietives in Herr Schmidt's period as Government leader.

The political Opposition has made clear that elthough it does not, in principle, oppose a Moscow trip by Herr Schmidt, it expects to see coocrete results emerge.

A failure by the Cbancellor to bring clear progress would make him more vulnerable to attacks from Herr Frank Josef Strauss, bis main challenger, only three months before a General Election.

The Bonn Government has careful to sound out its Western allies in advance on Herr Schmidt's trip. It says that none bas raised objections.

Consultation

That is seen as a contrast to the relative lack of warning given by President Giscard d'Estaing of France before he visited Warsaw last week for talks with Mr. Brezhnev—s trip sharply criticised by the U.S., amoog others.

Herr Schmidt has long made clear thet he would not visit Moscow before the Summit meeting of seven leading Western countries in Venice on June 22 and 23, which will give the chance for close consultation on the Soviet talks.

Government officials also emphasise that Herr Schmidt—who will be accompanied by Herr Hans-Dietrich Genscher, the Foreign Minister—will be going to Moscow neither as middle-man between the superpowers nor with a mandate to act for the West as a whole.

Nonetheless it is clear that particularly strong Western hopes and fears will be raised by the visit.

Many will be looking for a first sign that the deadlock over Afgbanistan can be broken—although in Bonn no hopeful signs of that bave so fer been received.

Hsrr Schmidt will also be raising the issua of the U.S. hostages in Iran, believing that the Soviet Union can greately contribute to obtaining their release.

On arms control, Herr Schmidt' hopes to draw from Moscow a plsdge at least to stop deployment of its new intermediate-range nuclear missiles, even if it continues to prodnce them. That step, it is felt, m ght remove the block to new East-West arms control talks.

Surprise

In spite of consultations, Bonn is well aware that some of its allies will be watching anxiously for signs that West Germany may be tempted into a special accommodation with the Soviet Union at the expense of the West.

The readiness of Moscow to agree to a visit by Herr Schmidt even before the Olympics bas already caused some surprise.

Before West German ethletes took their boycott decision on May 15, Soviet diplomats' gave warning that the step would have "political consequences"—taken to mean, among other things, that there would be no early Moscow meeting.

Shop sales remain at high level

By David Marsh

THE VOLUME of spending in tbe shops remains fairly buoyant in spite of tbe general *downturn in economic activity.* This reflects continuing rises in consumers' real incomes, witb increases in average earnings generally keeping pace with the surge in retail price inflation in the past few months.

Provisional figures published yesterday by the Department of Trade sbow the index of retail sales volume was unchanged last month et 103 (1976=100, seasonally adjusted).

The volume of sales in the three montbs from February to April was about 1 per cent higher tban in the preceding three montbs. The improvement compared with the disappointly low levels of the last few months of 1979 is partly a result of additional sales promotions by retailers to cut stock levels.

Retail spending in April was, however, almost 3 per cent below the level of 12 months previously. Activity in April last year was artificially inflated by the end of several strikes and bad weather whicb depressed trade in the first quarter.

EEC budget dispute passed to Foreign Ministers' meeting

BY JOHN WYLES IN BRUSSELS

EEC Economics and Finance Ministers left Brussels last night without making any visible progress on the dispute over the British contribution to the EEC budget.

The Ministers avoided even a semblance of negotiation on the amount by which Britain's net payments to Brussels should be reduced or the period it sbould take. Tbe Ministers passed the controversy to the EEC Foreign Ministers who will meet in Brussels tomorrow.

This meeting will be the EEC's last chance of settling the dispute before its self-imposed deadline of the end of this month. But there were strong doubts last night over how seriously the issue will be tackled, since M. Jean Francois-Poncet, the French Foreign Minister, will probably be absent. He is due to leave for Washington tomorrow afternoon. It is also uncertain wbether Herr Hans-Dietricb Genscher, West Germany's Foreign Minister, will be present.

But the Italian Government, occupying the EEG presidency, will press hard for genuine negotiations and has optimistically scheduled the Foreign Ministers' meeting to run on into Friday.

No changes of position emerged clearly from yesterday's discussions among the Finance Ministers. That was interpreted by some delegations as auguring badly for the negotiations starting tomorrow.

There was some suggestion tbat the other eigbt were drawing back from an earlier readiness to consider a three-year deal for the UK. But Sir Geoffrey Howe, Cbancellor of the Exchequer, said afterwards he thougbt a consensus remained on this possibility.

Tbe Finance Ministers had before them yesterday a document produced by the European Commission last week indicating that the UK's net payments to tha EEC might climb from £1.16bn this year to £1.41bn in 1981.

The commission also indicated that without any redoction for the British, tbe Community could run out of money by the end of 1982 unless agriculture spending was controlled as never before.

Sir Geoffrey accepted the commission's figures as a basis for discussion. The meeting endorsed bis point that they bighligbted the need to check the growth of farm spending and recalled a declaration made by Finance Ministers in February, pointing out the dangers of not doing so.

Herr Manfred Lahnstein, West Germany's State Secretary for Finance, was especially sceptical about the commission's forecast for agriculture. German officials claim that farm spending may well continue to grow at the 20 per cent annual rate of recent years and say thaat by basing its forecast on a maximum rate of 18 per cent, the commission was if anyting being optimistic.

That supports Boun's negotiating position that an offer to reduce Britain's payments by £765m this year and next cannot be renewed because there looks likely to be insufficient scope for payment in both the West German budget and the EEC budget. Although this offer was rejected by Mrs. Margaret Thatcber, the Prime Minister, at last month's Luxembourg summit, the UK is keen to use it as a starting point for fresh negotiations.

Farm Ministers meet Page 2

Continued from Page 1

Isle of Grain

Transport and General Workers Unioo.

Picketing—on a smaller scale—will continue at the site. A speciel delegete meeting called for tomorrow by the GMWU will decide on whether or not to widen the dispute to include some or all of the 5,000 GMWU laggers np and down tbe country.

Mr. Baldwin said that, if the dispute widened, "We will train lsggers for every large site. The people here can acquire good basic skills in seven days."

The procession of 26 coaches carrying tbe workers into the site was led by Mr. Baldwin and Mr. Eric Hammond, an executive council of the EETPU. Mr. Earl, the senior GMWU official on tbe picket, angrily remonstrated with them not to cross the picket line, but to no avail.

BPC blames industrial strife for expected heavy losses

BY JOHN MOORE

BPC, the printing and publisbing group, warned shareholders yesterday that its results for the first six months of its present financial yeer will show a substantial loss. "No interim divident will be paid."

Mr. Peter Robinson, BPC cbairman, blamed industrial disputes.

He told yesterday's annual meeting that last year's results, for the 12 months ending December 1979, were harmed by the transport strike and the dispute at Times Newspapers. The latter resulted in suspension of the Sunday Times colour magazine, a leading customer, from the beginning of the year until Novermer. BPC's pre-tax profits for 1979 fell from £7.05m to £4.04m.

Since tben BPC, formerly the British Printing Corporation, has beeo hit by the national pay dispute in tbe printing industry.

Mr. Robinson said: "This dispute bas done grave harm to the UK printing industry at a time wben it is suffering from a *recession* et bome and serious loss of work to continental and other printers."

He said losses in BPC bave "escalated very rapidly over the last three weeks as major printing orders were withdrawn and placed abroad," mainly in Europe. An industrial dispute in an important publishing customer had also caused a loss of periodical printing.

"These disputes and the associated loss of work bave cost BPC £3m to date," Mr. Robinson said.

Although the group expects to operate profitably in the second *half of the year, "this is* unlikely to avoid a loss for the year as a wbole."

On the stockmarket BPC shares fell 4p to 17½p, a low point for the year.

Continued from Page 1

CBI sees bleak future as output falls

between 1979 and 1980, with manufacturing falling by 4½ per cent.

Unemployment will continue to rise until the end of next year, with the seasonally adjusted figure, excluding school leavers, reaching 1.8m by this December.

Reports from the GBI's regional offices underline the problems being faced by industry and point especially to increasing liquidity problems, slightly alleviated by companies reducin gstocks and, occasionally, reducing capital expenditure.

The basic survey indicates falling orders and output, coupled with high stocks of finished goods. Large companies and those producing intermediate goods are the worst hit.

The Gentral Statistical Office figures published yesterday show that total output measured by Gross Domestic Product fell 0.7 per cent in the first quarter, compared with the last quarter of 1979.

This took tbe seasonally adjusted index of GDP to 109.0 (1975=100), around 0.5 per cent below the average 1979 level.

The fall compared with the final quarter of 1978 would beve been almost 1 per cent but for the impact of North Sea oil and gas production.

Rising output in the energy sector accounted for almost all the 1.6 per cent rise in GDP last year.

The first-quarter drop was mainly due to declining industrial production, whicb makes up around 40 per csnt of GDP. Industrial output fell by 2.2 per cent compared with the final 1979 quarter.

Allowing for the effect of the steel and other disputes, government ststisticians said last week thet the underlying fall in non-energy industrial output in the first quarter was 0.5 to 1 per cent.

The declining trend of industrial output bas been partly offset by the better showing of the services sector.

Officials say that activity in this sector appears to be bolding up fairly well as a result of buoyant consumer spending, which rose 2 per cent in volume terms between the final quarter of last year and tbe first three months of 1980.

Rolls U.S. project still stalled

BY LYNTON McLAIN

THE FAILURE of Rolls-Royce to win big orders for aero-engines from U.S. airlines is still preventing Government-owned manufacturer from going ahead with plens to build an engine manufacturing works in tbe U.S.

The company is committed to building a machining works for jet-engine components and an engineering office in the U.S.

The plans were announced in February last year, wben it was also understood that the company might eventually employ up to 2,000 people in the U.S. in an investment of np to £50m for jet engine production.

Work is progressing as planned on the component machining plant. Full production of turbine and compressor discs for the RB-211 engine is expected from the company'a new works at Miami International Airport, Florida.

The company bas also started to recruit qualified engineers from Britain and the U.S. to work at the engineering office planned for Atlanta, Georgia.

The staff here will carry out engine development work associated with Rolls-Royce engines in service with U.S. airlines. The engineering office will also tendsr for U.S. Government researcb and development contracts.

But the failure of the company to generate sufficient new orders, especially for its RB-211 turbo-fan engine, from airlines in the U.S., bas stopped the company taking its limited manufacturing plans further.

Rolls-Royce had hoped that its venture with Boelng, of the U.S., in providing RB-211 535 engioes to power the Boeing 757 twin-jet airliner, would provide tbe basis for a U.S. operation to maoufacturs engines.

U.S. group North Sea contract is blow to Clydebank

By Ray Perman, Scottish Correspondent

MARATHON OIL, operator on the Brae gas and oil field in the North Sea, is expected to announce shortly that it is ewarding e $190m (£80m) contract for a steel platform to J. Ray McDermott, the U.S. construction group, which has a yard at Ardersier, near Inverness.

The contract has been the subject of highly competitive bidding among UK yards. It attracted a tender from the French group Union Industrielle et d'Enterprise, which recently took nver the former Marathon Shipbuilders' yard at Clydebank.

It is understood that although McDermott was not the lowest bidder, the Ardersier yard's good work record secured the order. It began work reecntly on a platform for Amoco and is building modules for Shell's Cormorant field.

Redpath De Groot Caledonian, the Anglo-Dutch company which has a yard at Methil, Fife, bid unsuccessfully, but is likely to undertake some work on the platform under sub-contract from McDermott.

Big reserves

UIE's failure will disappoint the workforce et Clydebank, who had been looking to the Brae order to lead a diversification away from building mobile drilling rigs, for which the market has been slack.

The Brae platform, which will have eight legs, is scheduled to be completed and installed on the southern part of the field in 1982 with prodnction beginning the following year.

The field is estimated to have recoverable reserves of 300m barrels of oil and gas liquids and 150bn cubic feet of gas. It should reach peak prodnction of around 100,000 barrels of oil a day in 1984 and maintain it for two years.

Oil from the field will probably be fed into BP's Forties pipeline to be landed at St. Fergus, near Aberdeen, and Brae's large gas reserves make it a candidate for inclusion in the proposed gas gathering pipeline system.

Total development costs of the field bave been estimated at $1.6bn, inclnding nearly $500m in platform equipment and $170m in installation.

Weather

UK TODAY

CLOUDY, showers; sunny intervals in SE and NW.

London, S England, Channel Isles, E Midlands, E Anglia
Showers, bright intervals. Max 16-17C (61-63F).

E, SW and Cent N England, W Midlands, S Wales
Rain, rather cool. Max 14-15C (57-59F).

N Wales, NW England, Lakes
Rain, brighter leter. Max 13-14C (55-57F).

I. of Man, SW Scotland, Glasgow, N Ireland
Showers, sunny intsrvals. Max 12-13C (54-55F).

NE England, Borders, Edinburgh, Dundee
Rain. Max 10-11C (50-52F).

Aberdeen, Cent Highlands, Moray, NE Scotland, Orkney, Shetland
Rain, perhaps drier later. Max 8-10C (46-50F).

Argyll, NW Scotland
Showers, sunny intervals. Max 9-10C (48-50F).

Outlook: Rain, sunny intervals, cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Lisbon	R	12	54
Algiers	C	21	70	Locarno	R	12	54
Amsdm.	C	17	63	London	C	17	63
Athens	C	21	70	Luxmbg.	F	18	64
Bahrain	S	33	91	Luxor	S	41	106
Barclna.	R	14	57	Madrid	C	19	66
Belfast	F	14	57	Majorca	F	20	68
Belgrd.	F	25	77	Malaga	F	20	68
Berlin	S	23	73	Malta	F	23	73
Biarritz	C	15	59	M'chstr.	C	15	59
Bmghm.	C	18	61	Melbne.	S	18	61
Blackpl.	C	12	54	Mex. C.	S	25	77
Bordx.	C	16	61	Milan	F	13	55
Boulgn.	F	14	57	Mntreal	S	17	63
Bristol	C	16	61	Munich	F	20	68
Brussels	R	13	55	Nairobi	S	21	70
Budpst.	F	24	75	Naples	F	24	75
B. Aires	C	20	68	Nwcstl.	R	15	59
Cairo	S	38	100	N. York	S	20	68
Cardiff	C	13	55	Nice	R	17	63
Cas'b'ca	C	21	70	Nicosia	S	24	75
Cape T.	S	18	61	Oporto	C	17	63
Chicago	S	23	73	Oslo	S	14	57
Cologne	C	21	70	Paris	C	15	59
Cophgn.	S	16	61	Perth	C	18	64
Corfu	C	21	70	Prague	F	22	72
Dublin	C	13	55	Reykjvk.	S	6	43
Dbrvnk.	F	22	72	Rhodes	S	25	77
Ednbgh.	C	17	63	Rio J'o	S	25	77
Faro	C	15	59	Rome	F	22	72
Florence	C	20	68	Salzbrg.	C	22	72
Frankft.	F	22	72	Singapr.	C	32	89
Funchal	F	21	70	Stckhm.	C	12	54
Geneva	C	16	61	Strasbg.	S	21	70
Gibrltr.	C	18	64	Sydney	C	17	63
Glasgow	C	14	57	Tehran	S	28	82
G'rnsey	C	12	54	Tel Aviv	S	23	73
Helsinki	C	10	50	Tenerife	C	21	70
H. Kong	C	22	72	Tokyo	S	24	75
Innsbrk.	F	20	68	Toronto	C	15	59
Invrnss.	R	6	43	Tunis	C	21	70
I.o.Man	F	15	59	Valencia	C	18	66
Istanbul	S	24	75	Venice	F	17	63
Jersey	C	12	54	Vienna	S	23	73
Jo'burg	S	13	55	Warsaw	F	19	66
L. Plms.	F	22	72	Zurich	C	18	64

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

A charter for market raids

Rowe and Pitman have done it again. After lunch yesterday, this leading firm of London stockbrokers bought 10m shares in Anderson Strathclyde on behalf of Gharter Consolidated at 92p, giving it a holding of 28.4 per cent in the business. The price before the deal was around 74p—and the shares were back down to 79p by the close.

This latest raid cama only a matter of bours after the Council for the Securities Industry hed expressed its concern about the growing frequency of such transactions. One reason for this is that all shareholders are not treated equally, since it is the large institutions which get the first bite.

...There is also the qnestion of whether it is appropriate for significant stakes in companies—amounting in some cases to effective control—to change bands in this way without the company involved having any opportunity even to comment on the matter.

The Council for the Securities Industry is now clearly coming under pressure to creck such raids. One thing not to do would be to lower the level of purcbases at which an outright bid becomes mandatory under the Take-over Code: the current figure is 30 per cent, and anything much below that would shift the balance too far against the large sharebolder.

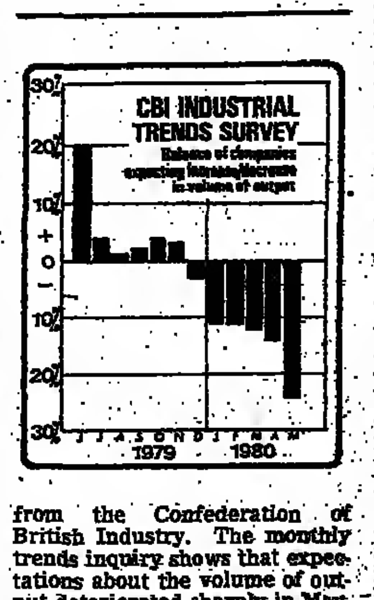
In the U.S., the Securities and Exchange Commission has put np proposals wbich would require anyone wbo solicited more than ten investors to sell over 5 per cent of a company's equity within a 45-day period to make a partial tender offer open to all sharebolders. But this idea is baving a decidedly rocky ride, and it would not go down too well in the UK either. In many of the smaller cases, the costs of making snch a partial offer would be prohibitive. It could also drive buyers off the market place.

Instead it might be worth trying the idea of a buyer announcing publicly the intention of standing in the market in, say, three days' time to acquire a set number of shares at a particular price. He would also need to say whether an outright bid was in view. The buyer would remain open to offers all day, and scale down acceptances if necessary. The mechanics of such an arrangement would be tricky, but not impossible.

Industrial trends

Recent evidence of a sudden drop in bome demand seems to bave found early confirmation from the Confederation of British Industry. The monthly trends inquiry shows that expectations about the volume of output deteriorated sharply in May. The inquiry also indicates that companies are finding it much more difficult to raise prices, with fairly grim implications for profitability.

Index fell 3.3 to 420.0



Such unpromising macro trends imply e great many problems at the micro level. Yesterday brought news from two companies involved in *fairly typical struggles with disappearing* profits and mounting indebtedness. Grattan Warehouses (debt np from £12.8m to £33.1m last year) was ticked off by auditors Arthur Young for deciding to belp its sparse profits along by including £2m from a change in acconnting for VAT. And BPC (borrowings up from £33.3m to £43m) disclosed that the cost of the recent print industry disruptions has been £3m, leading to a substantial loss for the first half and the passing of the interim dividend.

BPC has just lost some juicy mail order catalogue business to Continental printers, but with most trade disputes now settled it foresees second half profitability. Still, its forecast that it will still not get back into the black for the full year implies an underlying decline from the "disappointing" £4m pre-tax of 1979. BPC's cash target is to hold debt more or less steady; this is to be echieved by chopping the capital spend (of £7.8m last year) and keeping control of working capital, where declining volume sbould provide an offset to inflationary increases.

As for Grattan, the plan is to hold borrowings within current facilities of £40m until mid-1981. In the circumstances it bes "adjusted"—i.e. cut—its targets for sales this year, given that credit-based mail order business is so cash hungry. Meantime Grattan is visibly annoyed at its auditors—after all, it argues, it is only doing what the rival Empire Stores has been doing for several years, and Empire got a clean sheet last month from the very same euditors. Arthur Young reply: "The circumstances aren't the same."

Gilt-edged

Tbe strength of sterling may be e disaster for the manufacturing sectors of the British economy, but it is a boon for the gilt-edged brokers. Foreign buying of gilts was again in evidence yesterday as the market quickly swallowed up the Government Broker's remaining supplies of Exchequer 13¼ per cent 1992. The domestic institutions are apparently resigned to following the lead of the overseas buyers.

Past experience suggests that the sort of gains—more in sterling than in the bond market itself—that foreign investors havem ade in the last fortnight might now encourage them to take profits. Equally potential overseas buyers of gilt-edged may be deterred by the feeling that sterling is expensive on a short-term view. This assumes that the foreign demand largely comes from trading institutions, which—since they are not interested in taking dividends—are happy to hold any stocks, even those which offer no tax exemption to non-residents.

This sort of investor is not a stabilising influence on the gilt-edged market. But it may be that much of the foreign demand that has been reported recently comes from long-term institutions which are deliberately building up their holdings of sterling assets. The sovereign institutions like central banks do not have to worry about tax; the others tend to concentrate their portfolios in those older issues on which interest may be paid gross.

Whatever the character of foreign buying, it presents problems for the authorities. Unless the foreign buyer is satisfied by the issue of new stocks he will bid stock away from a UK resident investor, a transaction which, unless the UK resident buys foreign currency with the proceeds, increases sterling M3. On the other band, if foreigners are going to take profits, selling them tap stocks now is a painless way of funding in advance at a time wben UK institutional liquidity is rather low.

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